



**BANK GOSPODARSTWA KRAJOWEGO**

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

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

**The State Treasury of the Republic of Poland**

€15,000,000,000

*Medium Term Note Programme*

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

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

This Offering Circular is valid for a period of twelve months from the date of approval and shall expire on 8 May 2024, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including incorporated by reference) in this Offering Circular which may affect the assessment of the Notes. After such date, the Offering Circular will expire and the obligation to supplement this Offering Circular in the event of significant new factors, material mistakes or material inaccuracies will no longer apply. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended) (“MiFID II”).

This Offering Circular constitutes a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation in respect of Notes that are not specified in the relevant Final Terms to have the benefit of a

Guarantee of the Notes. This Offering Circular constitutes a prospectus for the purpose of Part III, chapter 2 of the Luxembourg law on prospectuses for securities dated 16 July 2019 in respect of the Guaranteed Notes.

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

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

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

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

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

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

The Notes (and the Guarantee of the Notes, if applicable) have not been, and will not be, registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the

Notes may not be offered or sold (or, in the case of Bearer Notes, delivered) within the United States or (for Notes that are not Guaranteed Notes) to, or for the account or benefit of, U.S. persons. The Notes may be offered and sold (a) in bearer form or registered form outside the United States in reliance on Regulation S and (b) if agreed between the Issuer and the relevant Dealers in relation to the relevant Series of Notes, in registered form within the United States, to persons who are QIBs in reliance on Rule 144A. Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular or any Final Terms or any other offering materials relating to the Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*” below. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any State securities commission in the United States or other regulatory authority in the United States, nor has any the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or confirmed the accuracy or adequacy of the information contained in this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

*Arranger*

**ING**

*Dealers*

**BANK PEKAO S.A.**

**BNP PARIBAS**

**CITIGROUP**

**COMMERZBANK**

**DEUTSCHE BANK**

**HSBC**

**ING**

**J.P. MORGAN**

**SANTANDER**

**SOCIÉTÉ GÉNÉRALE  
CORPORATE & INVESTMENT BANKING**

8 May 2023

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## NOTICE TO INVESTORS

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

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

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

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

### Notice to Prospective Investors

The distribution of this Offering Circular and Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or the Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or the Final Terms and other offering material relating to the Notes, see “Subscription and Sale”. In particular, the Notes (and the Guarantee of the Notes, if applicable) have not been, and will not be, registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold (or, in the case of Bearer Notes, delivered) within the United States or (for Notes that are not Guaranteed Notes) to, or for the account or benefit of, U.S. persons.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET** – A determination will be made in relation to each issue about whether, for the purpose of the MiFID product governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes may be a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Final Terms in respect of any Notes may include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target

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

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Final Terms in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

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

The amount of interest payable on Floating Rate Notes may be calculated by reference to one of EURIBOR or WIBOR, as specified in the applicable Final Terms. As at the date of this Offering Circular, i.e., 8 May 2023, the administrators of EURIBOR and WIBOR are included in ESMA’s register of administrators under Article 36 of Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”).

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

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

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

#### **Notice to Canadian Investors**

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

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

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

#### **Presentation of Financial Information**

This Offering Circular incorporates by reference BGK’s consolidated financial statements for the year ended 31 December 2022 (the “**2022 Consolidated Financial Statements**”), BGK’s consolidated financial statements for the financial year ended 31 December 2021 (the “**2021 Consolidated Financial Statements**”), BGK’s consolidated financial statements for the financial year ended 31 December 2020 (the “**2020 Consolidated Financial Statements**”), BGK’s standalone financial statements for the year ended 31 December 2022 (the “**2022 Standalone Financial Statements**”), BGK’s standalone financial statements for the financial year ended 31 December 2021 (the “**2021 Standalone Financial Statements**”) and BGK’s standalone financial statements for the financial year ended 30 December 2020 (the “**2020 Standalone Financial Statements**”), all of which have been audited by Małgorzata Pek-Kocik, statutory auditor, member of the National Chamber of Statutory

Auditors (*Polska Izba Biegłych Rewidentów*), licence no. 13070, acting on behalf of Mazars Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at ul. Piękna 18, 00-549 Warsaw, an entity authorised to audit financial statements entered on the list kept by the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*) under no. 186 and Mazars Audyt spółka z ograniczoną odpowiedzialnością have rendered unqualified audit reports on these standalone and consolidated financial statements of the Issuer.

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

The 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements, 2022 Standalone Financial Statements, 2021 Standalone Financial Statements and 2020 Standalone Financial Statements have been prepared in accordance with the standards and interpretations adopted by the International Accounting Standards Board, approved for use by the European Union and published as regulations in the Official Journal of the European Union, which comprise: (i) International Financial Reporting Standards, (ii) International Accounting Standards, (iii) Interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) or by the Standing Interpretations Committee (SIC) (jointly “IFRS”). Presentation of financial information in accordance with IFRS requires the management to make various estimates and assumptions which may have an impact on the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

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

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

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

Source: BGK



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

### **Industry, Economic and Market Data and Statements Regarding Competitive Position**

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

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

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

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

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

### **Exchange Rate Information**

In this Offering Circular, unless otherwise specified, references to “U.S.\$”, “U.S. dollars” or “USD” are to United States dollars, references to “EUR”, “€” or “euro” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of May 3, 1998 on the introduction of the euro, as amended and references to “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 (the "NBP") foreign exchange rate for U.S. dollars on 4 May 2023 was PLN 4,1547 = USD 1, whilst the NBP's foreign exchange rate for euro on the same day was PLN 4,5868= EUR 1.

### **Annual Information**

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

### **Functional and Presentation Currency**

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

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

### **Rounding and Negative Amounts**

In this Offering Circular, where information is presented in millions, amounts of less than one million have been rounded unless otherwise specified. In addition, where information is presented in billions, amounts of less than one billion have been rounded. Percentages have been rounded to the nearest per cent., one-tenth of 1 per cent. or one-hundredth of 1 per cent., as the case may be, unless otherwise specified. Due to such rounding, the total of each column of figures may not equal the total of the individual figures.

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

## AVAILABLE INFORMATION

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

## GENERAL DESCRIPTION OF THE PROGRAMME

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

<b>Issuer:</b>	Bank Gospodarstwa Krajowego.
<b>Guarantor:</b>	In respect of Guaranteed Notes only, The State Treasury of the Republic of Poland.
<b>Arranger:</b>	ING Bank N.V.
<b>Dealers:</b>	Banco Santander, S.A., Bank Pekao S.A., BNP Paribas, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, and Société Générale, and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent, Paying Agent, Transfer Agent and Exchange Agent:</b>	Citibank, N.A., London Branch.
<b>Luxembourg Listing Agent:</b>	Banque Internationale à Luxembourg, société anonyme.
<b>Listing and/or admission to trading:</b>	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.
<b>Clearing Systems:</b>	<p>For Unrestricted Notes represented by an Unrestricted Global Registered Note, Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.</p> <p>For Restricted Notes represented by a Restricted Global Registered Note, Euroclear, Clearstream, Luxembourg and/or DTC.</p>
<b>Initial Programme Amount:</b>	Up to €15,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
<b>Issuance in Series:</b>	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.
<b>Final Terms:</b>	Each Tranche will be the subject of the Final Terms which, for the purposes of that Tranche only, supplements the Terms and

Conditions of the Notes and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Final Terms.

**Forms of Notes:**

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

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

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

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

the name of, Cede & Co. as nominee for, DTC.

**Currencies:**

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

**Status of the Notes:**

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

**Guarantee:**

Each Tranche of Guaranteed Notes is subject to a separate Guarantee of the Notes, substantially in the form set out in this Offering Circular. See “*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 amount of the relevant Tranche of Guaranteed Notes. Each Guarantee of the Notes will cover only the payment of the principal amount of the relevant Tranche of Guaranteed Notes and accrued interest. A Guarantee of the Notes will not cover any default interest under such Guaranteed Notes or the Issuer’s liability under related indemnities, including the currency indemnity. Additionally, the period of the effectiveness of each Guarantee of the Notes will be limited such that each Guarantee of the Notes will expire on the day falling six months after the maturity date of the relevant Tranche of Guaranteed Notes. A claim brought by a Noteholder after the expiration of the relevant Guarantee of the Notes will not be satisfied under that Guarantee of the Notes. Therefore, it is possible that not all Noteholders’ claims under the Guaranteed Notes will be satisfied by the Guarantor in full if these claims fall outside the scope of a Guarantee of the Notes.

**Status of the Guarantee:**

In respect of any Guaranteed Notes, the Guarantor will in the Guarantee of the Notes unconditionally and irrevocably guarantee the due and punctual payment of principal and accrued interest payable by the Issuer in respect of the Guaranteed Notes, subject to the limit stated immediately above. The Guarantee of the Notes will constitute a direct, general, unconditional and (subject to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated External Indebtedness of the Guarantor, *provided further* that the Guarantor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to

pay other External Indebtedness at the same time or as a condition of paying sums due under the Guarantee of the Notes and vice versa.

**Issue Price:** Notes may be issued at any price, as specified in the relevant Final Terms.

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

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Money market instruments having a maturity at issue of less than 12 months will not be issued under this Offering Circular.

**Redemption:** Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.

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

**Tax Redemption:** Except as described in “*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*).

**Benchmark Discontinuation:** In the event that a Benchmark Event occurs in relation to a particular Reference Rate where any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult, as soon as reasonably practicable, an Independent Adviser, and to determine a Successor Rate or, failing which, an Alternative Rate and any Adjustment Spread for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes.

If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, fails to determine a Successor Rate or an Alternative Rate in accordance with Condition 7(j) (*Benchmark Discontinuation*), the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date (or if there has not been a

first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period), all as more fully described in Condition 7(j) (*Benchmark Discontinuation*).

- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Denominations:** Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, and save that the minimum denomination of each Note (other than Guaranteed Notes) admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the EEA or the UK in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation or the UK Prospectus Regulation (as applicable) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
- Registered Notes initially represented by a Restricted Global Registered Note and sold pursuant to Rule 144A will be in minimum denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements applicable to the relevant jurisdiction.
- Negative Pledge:** The Notes will have the benefit of a negative pledge given by the Issuer as described in Condition 5(a) (*Negative Pledge*). Each Guarantee of the Notes will also have the benefit of a negative pledge given by the Guarantor, 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 Poland, unless the withholding is required by law. In that event, the Issuer and (if applicable) the Guarantor will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Governing Law:** English law.
- Enforcement of Notes in Global Form:** In the case of Global Notes and Global Registered Notes, investors’ rights against the Issuer will be supported by a deed of covenant dated 16 December 2022, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
- Selling Restrictions:** For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, Japan, Singapore 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.

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

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

**Transfer Restrictions:**

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

## RISK FACTORS

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

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

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

### **Risks related to the Issuer and the Group**

#### ***Risks relating to BGK’s business activity and industry***

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

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

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

The strong economic rebound after the pandemic coupled with aggressive fiscal and monetary expansion on a global scale triggered an increase in prices of raw materials, including energy, and food. In 2022, the CPI rate was 14.3 per cent. on average. The inflation rate increased from 9.6 per cent. in the first quarter of 2022 to 17.3 per cent. in the fourth quarter of 2022. Food prices in 2022 increased by 21.5 per cent., energy prices by 31.1 per cent. and core inflation was at 11.5 per cent for 2022. The acceleration of inflation in 2022 stemmed, to a large extent, from the growth in commodities prices (primarily energy, but also agricultural) in the international markets caused by the COVID-19 pandemic and war in Ukraine.

The end of some anti-inflationary measures introduced in 2022 led to short-run additional inflationary pressure in the beginning of 2023. In March 2023, the annual CPI rate reached 16.1 per cent., which was mostly caused by the growing inflation rate of food products, which amounted to 24 per cent.

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

Inflation is expected to remain at a high level in 2023, with an expected downward trend. According to the NBP's March 2023 forecast, there is a 50 per cent. probability that inflation will decrease from the current 16.1 per cent. (March 2023) to between 10.2 per cent. and 13.5 per cent. for 2023. Sustained high inflation could have a negative effect on the financial condition of the Group's customers, and could also put pressure on yields on short- and long-term bonds issued by or held by the Issuer. This could materially adversely affect the Group's business, financial condition and results of operations and its ability to perform its obligations under the Notes.

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

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

There are also some risks related to delays in obtaining funds from the EU Recovery and Resilience Facility as well as cohesion funds (see *Poland's access to EU funds and subsidies may be limited due to the rule of law dispute*). EU funds play a key role in the financing of numerous public and private investment projects and any delays in funding may adversely affect the Polish economy. However, some projects are already being implemented and pre-financed from domestic sources (i.e., Polski Fundusz Rozwoju (Polish Development Fund)). In addition, the ongoing dispute is political in nature and both EU and Polish authorities are taking steps to develop a compromise.

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

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

On 24 February 2022, Russia invaded Ukraine. In the following months, the invasion continued, with fighting taking place throughout eastern and southern Ukraine, and bombings and missile attacks on cities throughout Ukraine. On 6 September 2022, Ukrainian forces started a counteroffensive, regaining parts of territory controlled by the Russian invaders. In a further escalation, Russian President Vladimir Putin announced on 21 September 2022 a mobilization of 300,000 reserve troops. As of the date of this Offering Circular, the invasion is still ongoing.

The military attack launched in Ukraine by Russia caused supply chains disruptions in Poland, Ukraine, Russia, Belarus and other countries, due to the blocking of the logistics system linking Eastern Europe and Central Europe, and sanctions imposed on Russia and Belarus.

Russian military aggression against Ukraine has contributed to a sharp rise in global commodity prices as well to potential shortages of certain natural resources, including natural gas and coal, which, together with the other factors that had already accelerated inflation, are pushing up prices across an increasingly broader group of goods and services. Uncertainty related to discontinued production in part of the Ukrainian agricultural sector and the cutting off of Russia's agriculture from global markets (an indirect consequence of financial sanctions and Russia's restrictions on exports) and increased demand caused by refugees from Ukraine also put upward pressure on food prices in the Polish market.

The war has also caused a number of Ukrainians to seek refuge in neighbouring countries. According to the Polish Border Guard, approximately 11 million Ukrainians crossed the Polish-Ukrainian border between 24 February 2022 and 10 April 2023. A large number of refugees could put a significant strain on the Polish public services and could lead to increased government spending aimed at supporting the refugees. These circumstances could negatively affect the growth of the Polish GDP and increase the Polish public debt.

Uncertainty related to the Russian invasion of Ukraine and possible winter energy shortages caused by sanctions, energy delivery suspensions and surging energy prices may also weigh heavily on Polish household and business confidence. On 21 October 2022, the President of Poland signed the Act of October 7, 2022 on Special Solutions to Protect Electricity Consumers in 2023 in connection with the situation on the electricity market. This act introduced a price ceiling for energy consumption up to a certain threshold (after which the price ceiling falls away), and an electricity allowance for households that use electricity for heating.

Although this risk did not materialize during the winter of 2022-2023, any energy shortages and possible higher spending on energy caused by, for example, weather conditions, could adversely affect solvency of borrowers and their ability to take out new loans, which could adversely affect the business, financial condition and results of operations of the Group.

Another risk for GDP growth in Poland relates to the Russian aggression in Ukraine and the external macroenvironment, particularly the economic performance of other EU member states. Due to EU's heavy reliance on imports of energy commodities, including imports from Russia, it could be adversely affected by the suspension of imports of Russian crude oil, hard coal and natural gas. Poland's strong trade and financial links with the EU, including through participation in German supply chains, make it susceptible to shocks emanating from major trade partners. The situation in Ukraine, among others, slowed down GDP growth in Poland in 2022 to approximately 4.9 per cent. year-on-year growth. According to recent BGK forecasts, the GDP growth rate in Poland will slow down to below 1% in 2023, with potentially negative annual growth rates in the first half of the year.

As a result of the Russian invasion of Ukraine, the outlook for the Polish economy has deteriorated in the short term. High uncertainty, inflationary pressure and elevated interest rates have led to decreased domestic demand. However, in the long term, the influx of refugees can reduce the problem of a weak demographic situation and thus increase potential GDP growth rate. The effects of sanctions imposed on Russia, in particular with regard to the supply of energy resources to EU countries, are currently the primary adverse factor in the balance of risks. Accordingly, any further developments connected with Russia's invasion of Ukraine could have an adverse effect on the Polish economy, which could in turn adversely affect the business, financial condition and results of operations of the Group and its ability to perform its obligations under the Notes.

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

The Group finances investment projects in Ukraine, Russia and Belarus in the construction, agriculture and industrial sectors. Depending on the type of financing, the exposures are collateralised on the financed assets, primarily by official Polish export credit agency (*Korporacja Ubezpieczeń Kredytów Eksportowych S.A.*, "KUKE") guarantees. The aggregate value of BGK's investments in Ukraine, Russia and Belarus amounted to 1 per cent. of BGK's loan portfolio as at 31 December 2022.

For prudential reasons, when Russia initiated the military attack on Ukraine in February 2022, BGK immediately reclassified selected financing instruments in Ukraine, Russia and Belarus from Stage 1 (i.e. if the credit risk on a financial instrument has not increased significantly since initial recognition, impairment is measured as 12-month expected credit losses) to Stage 2 (i.e. if the credit risk on that financial instrument has significantly increased since initial recognition, whether assessed on an individual or portfolio basis, considering all reasonable and supportable information, including that which is forward-looking, the impairment loss is measured as lifetime expected credit losses). Decisions are made on a case-by-case basis to reclassify exposures to Stage 3 (i.e. for impaired financial assets, for which impairment will be measured as lifetime expected credit losses at an amount equal to accumulated changes in lifetime expected credit losses from their initial recognition) depending on the observed indications for reclassification. The classification of financial assets according to these three stages and the determined impairment calculation method affects the Group's recognition of interest income, which in turn could adversely affect the business, financial condition and/or results of operations of the Group. Interest income on financial assets which are classified as Stage 1 or Stage 2 is determined based on gross exposures (amortised cost of a financial asset, before adjustment for any allowances for expected credit losses) using the effective interest method. For Stage 3 assets, interest income is determined based on the amortised cost of those assets.

Moreover, BGK analysed its loan portfolio for clients exposed to the war in Ukraine, including through lower revenue from exports to Ukraine, Belarus and Russia, limited operations due to lower imports of goods and raw materials from those markets, or higher cost of raw materials. BGK identified approximately 20 corporate clients exposed to these risk factors and performed the relevant stress tests, which indicated that if the assumed scenarios materialise, it may have to recognise additional loss allowances of approximately PLN 41.5 million. It will also subject these particular clients to additional monitoring. Analysis of industries exposed to the effects of hostilities in Ukraine resulted in additional write-downs by BGK of PLN 32.3 million.

The continued need to monitor and analyse BGK's loan portfolio exposed to the risks of war in Ukraine may adversely affect the value of the high-risk loan portfolio of BGK, which could have a material adverse effect on the business, financial condition and results of operations of the Group.

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

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

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

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

BGK carries out Polish government tasks on the basis of acts and agreements with Polish ministries, including through cash flow funds established, entrusted or transferred to BGK for which, by virtue of

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

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

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

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

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

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

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

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

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

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

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

Moreover, a further ruling is expected to be issued by the CJEU in the first half of 2023 on the issue of potential remuneration banks could charge for the use of funds, even in case of the contract being declared null and void. A ruling prohibiting charging any such remuneration would materially affect the Polish commercial banking sector.

As the majority of loans on the Polish market are based on a floating interest rate, the increase of market benchmark rate (WIBOR) corresponded to an increase in the instalments of customers’ loans. This further increased the default risk on the loans and resulted in customers challenging the floating interest rate clauses in court. As of the date of this Offering Circular, the outcome of such challenges is difficult to assess; however, the potential invalidity of floating rate loans may have a material adverse effect on the Polish banking sector.

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

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

The abovementioned issues do not significantly impact the Group’s operations as the Group’s portfolio of loans granted to retail customers is not material. However, the Group cannot exclude that the overall challenges faced by the Polish banking sector, and their financial and reputational impact

on banks in general could also have a material adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

### ***Risks relating to the Group's financial situation***

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

In connection with its credit operations, the Group regularly writes down impaired assets and records impairment provisions in the profit and loss account of the Group. The total value of the Group's expected credit losses depends on the volume and type of borrowing activity, standards applied in the banking industry and is calculated based on the three-stage expected credit losses model, reflecting the change in the level of risk that occurred since a given exposure was recognised, including losses experienced by the Group adjusted by expected forward-looking information, expectations on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be incorrect and result in an incorrect assessment by the Group of the risk associated with its loan portfolios.

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

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

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

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

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

As at 31 December 2022, debt instruments issued by the State Treasury and the NBP accounted for 90.0 per cent. of the Group's debt securities portfolio. A decrease in the price of such securities may



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

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

The Group's portfolio includes negotiable financial instruments whose daily valuations depend on certain market parameters (such as foreign exchange rates, interest rates, prices of bonds and stocks, stock indices values, futures prices, and implied volatilities of options). As these parameters vary continuously due to market forces, valuations of the financial instruments also change accordingly, which may adversely impact unrealised results of these portfolios, even though certain components of market risk of those portfolios are hedged and the trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book. The occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

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

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

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

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

Although the Group actively manages its liquidity requirements and foreign exchange position and hedges its exposure to foreign exchange and interest rate risks, continued foreign exchange rate volatility of the PLN against foreign currencies could increase the pressure on the Group's counterparties and could lead to increased defaults of the Group's counterparties and further losses

incurred by the Group on its foreign exchange derivatives. Such developments could have an adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

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

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

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

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

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

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

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

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

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

In September 2022, the Warsaw Deposit Market Index ("WIRD"), the name of which will be changed to the Warsaw Interest Rate Overnight ("WIRON"), was selected as an alternative interest rate

benchmark to eventually replace WIBOR and become a key interest rate benchmark. The WIBOR replacement is expected to be implemented by the end of 2024, with the simultaneous implementation of a new WIRON-based financial product offering in 2023-2024 and full readiness to cease developing and publishing the WIBOR and WIBID benchmarks from the beginning of 2025.

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

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

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

Operational risk accompanies all processes at banks and its consequences can be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human errors, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, incorrect information received by BGK in the course of its business, or external events. Typical categories of operational loss include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud, cyber-attacks and other security breaches, legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third party attacks on its IT systems, which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of BGK and the Group. For a detailed description of the risks associated with the malfunctioning of the Group's IT systems, refer to the risk factor entitled "*The Group's IT systems may fail or their security may be compromised*" below.

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

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

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

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

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

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

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

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

The Group has procedures in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers carrying out processing activities on its behalf, and has also implemented security measures to prevent cyber-theft. However, if the Group or any of the third party service providers fails to store or transmit personal data in a secure manner, or if any loss or unlawful processing of personal data or infringement of applicable regulations were otherwise to occur, the Group could be subject to investigative and enforcement action by the relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates to, or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

#### *The Group faces liquidity risk*

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

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

In terms of current and short-term liquidity risk, if a substantial portion of BGK's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, BGK's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by BGK in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially

(due to the occurrence of events described in detail in the risk factor entitled “*The value of the Group’s investment and trading portfolios may decrease*” above), in such circumstances, BGK might not be able to meet its obligations as they become due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, BGK’s ability to use such external funding sources is directly connected with the level of credit lines available to BGK, and this in turn is dependent on BGK’s financial and credit condition, as well as general market liquidity.

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

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

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

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

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

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

To the best of BGK’s knowledge, as at 31 December 2022, it was a party to 135 court cases in which it acted as the plaintiff and 44 in which it acted as the defendant. As at 31 December 2022, the value of the Group’s provisions for litigation and legal risks was PLN 37 million.

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

## **Risks related to legal and regulatory environment**

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

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

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

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

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

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

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

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

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

Non-compliance with the above mentioned requirements may expose the 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. Inspections by the KNF are conducted periodically. The latest one took place in the fourth quarter of 2022.

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

#### ***Risks related to the replacement of WIBOR benchmark***

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

On 7 July 2022, the Polish Parliament enacted the act on crowdfunding for business ventures and assistance to borrowers which, *inter alia*, granted the Minister of Finance the powers to issue regulations to determine a substitute benchmark for WIBOR on the basis of the POLONIA rate pursuant to the recommendations of the Financial Stability Committee and the KNF. On 13 July 2022, the National Working Group for the Reform of Benchmarks (the "**National Working Group**") was established, with representatives of the Ministry of Finance, the National Bank of Poland, the KNF, the Bank Guarantee Fund, the Polish Development Fund Group, the Warsaw Stock Exchange, the National Depository for Securities, BGK, GPW Benchmark, leading commercial banks, banks associating cooperative banks, investment fund management companies, insurance undertakings, and professional associations of financial market entities. The establishment of the National Working Group was with the aim to prepare a roadmap and a schedule of activities for a smooth and safe implementation of each element of a process leading to the WIBOR interest rate benchmark being replaced with a new benchmark. On 2 September 2022, the National Working Group selected WIRD (the Warsaw Deposit Market Index) as an alternative interest rate benchmark for WIBOR and to ultimately become the critical interest rate benchmark as defined in the EU Benchmarks Regulation, which is applied in financial contracts (e.g. credit agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. to determine the asset management fees). Subsequently, on 3 October 2022, the summary of the expected roadmap for the replacement of WIBOR and WIBID benchmarks with the WIRON index (the "**WIBOR Replacement Roadmap**") was published by the National Working Group, which declared a change of the name of the alternative interest rate benchmark for WIBOR from WIRD to WIRON (the Warsaw Interest Rate Overnight), as developed and published by GPW Benchmark, in order to better reflect the characteristics of the critical interest rate benchmark (i.e. reliance on the data representing overnight transactions). In the WIBOR Replacement Roadmap, the National Working Group assumed that the benchmark reform in Poland will be completed by the end of 2024, while the new offer of financial products using the WIRON index is expected to progress gradually in 2023 and 2024, with the objective of ceasing to use the WIBOR reference rate by the start of 2025. Nevertheless, as the said benchmark reform is a sensitive social and political issue, the replacement of WIBOR may be accelerated.

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

***Poland's access to EU funds and subsidies may be limited due to the rule of law dispute***

Since 2015, the Polish Government has focused on reforming judicial systems. These reforms have reduced judicial independence from other state bodies. As a result, the European Commission initiated an official review of Poland's commitment to European Union standards for adherence to the rule of law. Under Article 7 of the Treaty on the European Union, proceedings, initiated by the European Commission against Poland in December 2017, the Council may rule that Poland has committed a serious and persistent breach of common EU values and decide to suspend certain rights Poland has as member of the EU, including the voting rights of the Government's representative in the Council, and to impose economic sanctions such as limiting Poland's access to EU funds and subsidies. As of the date of this Offering Circular, proceedings under Article 7 of the Treaty on European Union remain in progress. In addition, on 1 January 2021, Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget ("**Regulation 2020/2092**") entered into force, providing the European Commission with the ability to submit motions and take certain measures that can be applied against Member States which breach the principle of the rule of law, including, among others, the ability to suspend payments under the EU budget. Poland filed a case against Regulation 2020/2092; however, it was rejected by the Court of Justice of the European Union. In October 2022, EU officials announced that the latest round of cohesion funding available to Poland will be held back by the European Commission until the rule of law dispute is resolved. As of the date of this Offering Circular, only a small sum, constituting approximately 0.5 per cent. of the overall amount, has been received by Poland.

Prolonged suspension of payments under EU funds and subsidies to Poland could negatively affect Polish economy. This could adversely 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 relevant Tranche of Guaranteed Notes and accrued interest. A Guarantee of the Notes will not cover any default interest under such Guaranteed Notes or the Issuer's liability under



related indemnities, including the currency indemnity. Therefore, it is possible that not all Noteholders' claims under the Guaranteed Notes will be satisfied by the Guarantor in full if these claims fall outside the scope of a Guarantee of the Notes.

***Any Guarantee of the Notes will be limited in time***

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

**Risks related to the structure of a particular issue of Notes**

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

***The Notes may not be a suitable investment for all investors***

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

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Risks related to Notes which are linked to "benchmarks"***

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

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, in the EU.

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

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

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

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

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

#### ***Notes subject to optional redemption by the Issuer***

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

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

#### ***Variable rate Notes with a multiplier or other leverage factor***

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

#### ***Inverse Floating Rate Notes***

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

#### ***Fixed/Floating Rate Notes***

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

#### ***Notes issued at a substantial discount or premium***

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

## **Risks related to Notes generally**

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

### ***Modification and waiver***

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

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

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

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

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

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

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

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

### ***Change of law***

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law

or administrative practice after the date of this Offering Circular and any such change could materially and adversely impact the value of any Notes affected by it.

***Notes where denominations involve integral multiples: Definitive Notes***

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

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

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

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

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

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

***Enforceability of Judgments***

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

English court in case the obstacles listed in the Hague Convention exist. In addition, it may not be possible for investors in the Notes to effect service of process in jurisdictions outside the United States against the Issuer, its directors or the Guarantor or to enforce, in original actions or in actions for enforcement brought in jurisdictions located outside the United States, judgments of U.S. courts or civil liabilities predicated upon U.S. federal securities laws.

### **Risks related to the market generally**

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

#### ***The secondary market generally***

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

#### ***Exchange rate risks and exchange controls***

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

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

#### ***Interest rate risks***

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

#### ***Inflation risk***

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

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a

recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time.

***Legal investment considerations may restrict certain investments***

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

## ENFORCEABILITY OF JUDGMENTS

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

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

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

Under the Hague Convention, the procedure for recognition, declaration of enforceability or registration for enforcement, and the enforcement of the judgement, are governed by the law of the state where recognition or enforcement is requested to take place unless the Hague Convention provides otherwise.

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

The Guarantor reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the “**Immunities Act**”) with respect to actions brought against it under U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by Poland with respect to such action, it would not be possible to obtain a U.S. judgment in such an action against the Guarantor unless a court were to determine that the Guarantor is not entitled under the Immunities Act to sovereign immunity with respect to such action. The enforceability in Poland of



final judgments of U.S. courts, including those obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws, will be subject to the rules governing enforcement in Poland of civil judgments of foreign courts specified in the Polish Code of Civil Procedure.

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

According to the Polish Civil Procedure Code (*Kodeks postępowania cywilnego*), foreign judgments suitable for enforcement become enforceable after they are declared enforceable by a Polish court. In cases where the Hague Convention applies, the declaration of enforceability takes place if there are no obstacles specified in the Hague Convention. The Polish Code of Civil Procedure also provides for a limited list of obstacles that prevent a recognition of a judgment or a declaration of its enforcement, however, as commonly accepted, the conditions set forth in the Hague Convention, where applicable, take precedence.

Foreign court judgments are recognizable under Article 1145 of the Polish Code of Civil Procedure and are enforceable in Poland under Article 1150 of the Polish Code of Civil Procedure provided there are no negative grounds listed in Article 1146 of the Polish Code of Civil Procedure or they are not enforceable in the country of their origin, with the exception of foreign court judgments that were issued in the countries with which Poland is bound by a relevant international treaty (bilateral or multilateral) and such treaty waives the application of the relevant provisions of the Polish Code of Civil Procedure.

Pursuant to Article 1145 of the Polish Code of Civil Procedure, judgments of foreign courts issued in civil cases are automatically recognized in Poland by operation of law unless an entity with a legal interest in the proceedings brings a declaratory action under Article 1148 of the Polish Code of Civil Procedure to establish that there exists an exception as set forth in Article 1146 of the Code of Civil Procedure.

Pursuant to Article 1146, Section 1 of the Polish Code of Civil Procedure, a judgment issued by a foreign court will not be recognized if:

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

Reciprocity in the recognition of judgments between Poland and the foreign court's country is no longer necessary.

Recognition of a foreign judgment in Poland does not automatically bring about its enforcement. In order for a foreign judgment to be declared enforceable in Poland, it has to be enforceable in the country of its origin and should not fall under the conditions for the refusal of recognition set out in Article 1146 of the Polish Code of Civil Procedure.

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

The Polish Civil Procedure Code (*Kodeks postępowania cywilnego*) 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.

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

## FORWARD LOOKING STATEMENTS

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

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

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

## **STABILISATION**

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

## RATINGS

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

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

*Source: BGK*

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

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

*Source: BGK*

Fitch Ratings Ireland Limited is established in Dublin, Ireland, Moody's Deutschland GmbH is established in Frankfurt, Germany, Moody's Investors Service Cyprus Ltd. is established in Limassol, Cyprus, and S&P Global Ratings Europe Limited is established in Dublin, Ireland. Fitch Ratings Ireland Limited, Moody's Deutschland GmbH, Moody's Investors Service Cyprus Ltd. and S&P Global Ratings Europe Limited are all established in the EEA and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**").

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (A) (i) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, (ii) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (iii) issued by a credit rating agency which is not established in the EEA but which is certified in accordance with the CRA Regulation, and/or (B) (i) issued by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law of the UK by virtue of the EUWA ( the "**UK CRA Regulation**"), (ii) issued by a credit rating agency which is not established in the UK but will be endorsed by a credit rating agency which is established in the UK and registered under the UK CRA Regulation or (iii) issued by a credit rating agency which is not established in the UK but which is certified in accordance with the UK CRA Regulation, will in each case be disclosed in the relevant Final Terms.

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

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

the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but which is certified under the CRA Regulation.

Prospective investors who are UK regulated investors (including credit institutions as defined in Directive 2013/36/EU (as it forms part of domestic law of the UK by virtue of the EUWA), investment firms as defined in Directive 2014/65/EU (as it forms part of the domestic law of the UK by virtue of the EUWA), undertakings for collective investment in transferable securities (UCITS) as defined in Directive 2009/65/EC (as it forms part of the domestic law of the UK by virtue of the EUWA) and institutions for occupational retirement provision as defined in Directive (EU) 2016/2341 (as it forms part of the domestic law of the UK by virtue of the EUWA) should note that, in general, they are restricted from using a credit rating (as such term is defined in the UK CRA Regulation) for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK but which is certified under the UK CRA Regulation.

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

**A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

## DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2022\\_-\\_Financial\\_statement/SSF\\_GK\\_BGK\\_2022-12-31\\_EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/SSF_GK_BGK_2022-12-31_EN.pdf));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2022\\_-\\_Financial\\_statement/GK\\_BGK\\_1.XHTML](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/GK_BGK_1.XHTML));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2021\\_-\\_consolidated/SSF\\_GK\\_BGK\\_2021-12-31\\_EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_-_consolidated/SSF_GK_BGK_2021-12-31_EN.pdf));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2021\\_-\\_consolidated/GK\\_BGK\\_2021-12-31\\_en.xhtml](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_-_consolidated/GK_BGK_2021-12-31_en.xhtml));

5. the audited consolidated financial statements of BGK for the financial year ended 31 December 2020 (the “**2020 Consolidated Financial Statements**”)

[https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie\\_finansowe/2020-skonsolidowane-eng/SSF\\_GK\\_BGK\\_2020\\_EN.pdf](https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2020-skonsolidowane-eng/SSF_GK_BGK_2020_EN.pdf));

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6. the opinion and report of the auditor concerning the consolidated financial statements of BGK for the financial year ended 31 December 2020

[https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie\\_finansowe/2020-skonsolidowane-eng/GK\\_BGK\\_Auditors\\_report\\_EN.xhtml](https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2020-skonsolidowane-eng/GK_BGK_Auditors_report_EN.xhtml));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2022\\_-\\_Financial\\_statement/SF\\_BGK\\_2022-12-31\\_EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/SF_BGK_2022-12-31_EN.pdf));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2022\\_-\\_Financial\\_statement/BGK\\_2022-12-31\\_EN\\_2022-12-31\\_en.xhtml](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/BGK_2022-12-31_EN_2022-12-31_en.xhtml));

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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2021\\_-\\_Financial\\_statement/SF\\_BGK\\_2021-12-31\\_EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_-_Financial_statement/SF_BGK_2021-12-31_EN.pdf));



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

[https://www.en.bgk.pl/files/public/en/files/Financial\\_statement/2021\\_-\\_Financial\\_statement/BGK\\_2021-12-31\\_en.xhtml](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_-_Financial_statement/BGK_2021-12-31_en.xhtml));

11. the audited standalone financial statements of the Issuer for the financial year ended 31 December 2020 (the “**2020 Standalone Financial Statements**”)

[https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie\\_finansowe/2020-skonsolidowane-eng/SF\\_BGK\\_31122020\\_EN.xhtml](https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2020-skonsolidowane-eng/SF_BGK_31122020_EN.xhtml));

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12. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2020

[https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie\\_finansowe/2020-skonsolidowane-eng/BGK\\_Auditors\\_report\\_EN.xhtml](https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2020-skonsolidowane-eng/BGK_Auditors_report_EN.xhtml));

13. for Guaranteed Notes only, the following sections relating to the Guarantor contained in the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 28 March 2023

<https://www.luxse.com/pdf-viewer/103482108>):

- About this Prospectus (pages i – ii)
- The Republic of Poland (pages 2 – 16);
- The Economy (pages 17 – 25);
- Balance of Payments and Foreign Trade (pages 26 – 31);
- Monetary and Financial System (pages 32 – 40);
- Public Finance (pages 41 – 54);

- Public Debt (pages 55 – 60); and
  - Total External Debt (pages 61 – 62);
14. the terms and conditions set out on pages 22 to 44 of the offering circular dated 4 May 2016 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/2817028>);
  15. the terms and conditions set out on pages 22 to 44 of the offering circular dated 24 October 2017 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/100263013>);
  16. the terms and conditions set out on pages 23 to 45 of the offering circular dated 14 May 2018 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/100537879>);
  17. the terms and conditions set out on pages 39 to 64 of the offering circular dated 22 December 2020 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/102010459>);
  18. the terms and conditions set out on pages 40 to 68 of the offering circular dated 23 December 2021 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/102671113>);
- and
19. the terms and conditions set out on pages 57 to 88 of the offering circular dated 16 December 2022 relating to the Programme under the heading “*Terms and Conditions of the Notes*”  
(<https://www.luxse.com/pdf-viewer/103313306>).

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

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

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days (taking into account any unilateral right to extend or rollover), that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, on or after the date that is 40 days after the issue date of the relevant Tranche of the Notes 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*).

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

If:

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

- c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

#### **Temporary Global Note exchangeable for Definitive Notes**

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

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes on or after the date that is 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for Definitive Notes is improperly withheld or refused.

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

If:

- a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

### ***Permanent Global Note exchangeable for Definitive Notes***

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

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the “Permanent Global Note”, then if either of the following events occurs:
  - i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - ii) any of the circumstances described in Condition 13 (Events of Default).

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

If:

- a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

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

### ***Exchanges of Notes and Specified Denomination***

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

### ***Rights under Deed of Covenant***

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

### ***Terms and Conditions applicable to the Notes***

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

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

### ***Legend concerning United States persons***

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

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

### **Registered Notes**

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

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

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

Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Registered Note will be deposited on or about the relevant issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Unrestricted Note Certificates in accordance with its terms.

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

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

### ***Unrestricted Global Registered Notes***

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

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the Unrestricted Global Registered Note”, then if either of the following events occurs:
  - i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - ii) any of the circumstances described in Condition 13 (*Events of Default*).

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

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

If:



- a) Individual Unrestricted Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Unrestricted Global Registered Note; or
- b) any of the Notes represented by an Unrestricted Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Unrestricted Global Registered Note in accordance with the terms of the Unrestricted Global Registered Note on the due date for payment,

then the Unrestricted Global Registered Note (including the obligation to deliver Individual Unrestricted Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Unrestricted Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Unrestricted Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Unrestricted Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Unrestricted Global Registered Note became void, they had been the holders of Individual Unrestricted Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

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

### ***Restricted Global Registered Notes***

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

- a) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system (except for DTC) and such clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- b) if such Notes are held on behalf of a custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Registered Note or DTC ceases to be a “clearing agency” registered under the Exchange Act or is at any time no longer eligible to act as such, and the

Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

- c) any of the circumstances described in Condition 13 (*Events of Default*).

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

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

If:

- a) Individual Restricted Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Restricted Global Registered Note; or
- b) any of the Notes represented by a Restricted Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Restricted Global Registered Note in accordance with the terms of the Restricted Global Registered Note on the due date for payment,

then the Restricted Global Registered Note (including the obligation to deliver Individual Restricted Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Restricted Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Restricted Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear, Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Restricted Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Restricted Global Registered Note became void, they had been the holders of Individual Restricted Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system. Individual Restricted Note Certificates issued in exchange for a beneficial interest in a Restricted Global Registered Note shall bear the legend applicable to such Notes as set out under "*Transfer Restrictions*".

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

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

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

provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, Guarantee of the Notes (if applicable) and the Deed of Covenant applicable to them. Copies of the Agency Agreement, Guarantee of the Notes (if applicable) and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. Interpretation

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

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

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

“**Business Day**” means:

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

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

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

that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

- C. if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

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

- a) if “**Actual/Actual (ICMA)**” is so specified, means:
  - i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - A. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - B. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- b) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> will be 30; and

- g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” 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 D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” 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 D<sub>2</sub> will be 30,

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

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

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

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

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

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

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

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

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

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

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means:

- a) the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and (if a Business Day Convention other than the FRN Convention, Floating Rate Convention or Eurodollar Convention is specified in the

relevant Final Terms) as the same may be adjusted in accordance with the relevant Business Day Convention; or

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

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

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

**“Issue Date”** has the meaning given in the relevant Final Terms;

**“Margin”** has the meaning given in the relevant Final Terms;

**“Maturity Date”** has the meaning given in the relevant Final Terms;

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

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

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

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

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

**“Optional Redemption Date (Call)”** has the meaning given in the relevant Final Terms;

**“Optional Redemption Date (Put)”** has the meaning given in the relevant Final Terms;

**“Participating Member State”** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**“Payment Business Day”** means:

- i) if the currency of payment is euro, any day which is:
  - A. a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and



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

**“Permitted Security Interest”** means:

- i) any Security Interest upon property to secure Relevant External Indebtedness incurred for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time to time); or
- ii) any Security Interest existing on property at the time of its acquisition; or
- iii) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or
- iv) any Security Interest securing or providing for the payment of Relevant External Indebtedness incurred in connection with any Project Financing *provided, however, that* such Security Interest applies to (A) properties which are the subject of such Project Financing or (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties; or
- v) the right of priority to revenues from or assets of a project financed from the issuance of revenue bonds, in particular revenue bonds (*obligacje przychodowe*) issued under the Act dated 29 June 1995 on Bonds or the Act dated 15 January 2015 on Bonds (or any legislation replacing this act), granted to the holders of such revenue bonds; or
- vi) the renewal or extension of any Security Interest described in subparagraphs i) to v) above, *provided, however, that* the principal amount of the Relevant External Indebtedness secured thereby is not increased;

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

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency *provided, however, that* in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

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

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

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

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

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

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

**“Reference Banks”** means four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

**“Reference Price”** has the meaning given in the relevant Final Terms;

**“Reference Rate”** has the meaning given in the relevant Final Terms; the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(j) (*Benchmark Discontinuation*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

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

**“Regular Period”** means:

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

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Final Terms;

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

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

“**Relevant Time**” has the meaning given in the relevant Final Terms;

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

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

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Agency Agreement;

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

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

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

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

“**Treaty**” means the Treaty on the functioning of the European Union, as amended; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

b) *Interpretation:* In these Conditions:

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

- v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- vi) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;
- vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- viii) any reference to the Agency Agreement or (if applicable) the Guarantee of the Notes shall be construed as a reference to the Agency Agreement or the Guarantee of the Notes, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. Form, Denomination, Title and Transfer

- a) *Bearer Notes*: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- b) *Title to Bearer Notes*: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- c) *Registered Notes*: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- d) *Title to Registered Notes*: The Registrar will maintain a register (the “**Register**”) in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the Person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- e) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- f) *Transfers of Registered Notes*: Subject to paragraphs i) (*Closed periods*) and j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a

Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

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

#### **4. Status and Guarantee**

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

#### **5. Covenants**

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

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

## **6. Fixed Rate Note Provisions**

- a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## **7. Floating Rate Note Provisions**

- a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in

Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined, subject to Condition 7(j) (*Benchmark Discontinuation*) by the Calculation Agent on the following basis:

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

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

d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate

where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

- e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- g) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.



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

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

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

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

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

As used in these Conditions:

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

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Rate, the Issuer (following consultation with the Independent Adviser, if applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (c) if no such customary market usage is recognized or acknowledged, the Issuer (in consultation with the Independent Adviser, if applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

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

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

“**Benchmark Event**” means:

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

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

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

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

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

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

## **8. Zero Coupon Note Provisions**

- a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - i) the Reference Price; and
  - ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## **9. Redemption and Purchase**

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

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

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

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

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

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

- c) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- d) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange, regulated market and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.
- f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- i) the Reference Price; and
  - ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

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

## **10. Payments – Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

- a) *Principal:* Payments of principal shall be made only against presentation and (*provided, however, that* payment is made in full) surrender of Bearer Notes at the Specified Office of

any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

- b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (*provided, however, that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- c) *Payments in the United States*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - A. so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - B. a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for

payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

- f) *Unmatured Coupons void*: If the relevant Final Terms specifies that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c)).
- i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## **11. Payments – Registered Notes**

This Condition 11 is only applicable to Registered Notes.

- a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- b) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling



cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- f) *Record date:* Each payment in respect of a Registered Note will be made to the Person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 12. Taxation

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

- (A) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

- (B) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

### 13. Events of Default

If any of the following events occurs and is continuing:

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

then the Holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes (as defined in the Agency Agreement) may, by written notice addressed to the Issuer (with a copy to the Fiscal Agent), declare the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality, *provided, however, that* if the Issuer receives notice in writing (with a copy to the Fiscal Agent) from Holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such Holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

### 14. Prescription

Claims against the Issuer and (if the Notes are Guaranteed Notes) the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **15. Replacement of Notes and Coupons**

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

## **16. Agents**

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

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

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

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

## **17. Meetings of Noteholders; Modification and Waiver**

- (I) The provisions of this Condition 17(I) shall apply only to Notes other than Guaranteed Notes.
  - a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters (as defined in the Agency Agreement) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any

Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

- b) *Written resolutions:* A resolution in writing signed (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) if such Noteholders have been given at least 21 days' notice of such resolution, by or on behalf of Persons (A) in the case of a Reserved Matter, holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes or (B) in the case of a matter other than a Reserved Matter, holding at least  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Notes, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.
- (II) The provisions of this Condition 17(II) shall apply only to Guaranteed Notes.
- a) *General:* The provisions for convening meetings of Noteholders as set out in Schedule 1, Part B to the Agency Agreement shall apply to the Guaranteed Notes. The following is a summary of selected provisions in that Schedule 1, Part B to the Agency Agreement.

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

- (i) the Holder of the Guaranteed Note for these purposes is the entity legally entitled to vote the Guaranteed Note for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly or indirectly, for the legally entitled Holder to vote the Guaranteed Note for or against a proposed modification;
- (ii) a corporation, trust or other legal entity is controlled by the Guarantor or by a department, ministry or agency of the Guarantor if the Guarantor or the National Bank of Poland or any department, ministry or agency of the Guarantor has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and
- (iii) the Holder of a Guaranteed Note has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the Holder may have in relation to the Guarantor:
- (A) the Holder may not, directly or indirectly, take instruction from the Guarantor on how to vote on a proposed modification; or
- (B) the Holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the Holder's own interest; or
- (C) the Holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more Persons other than a Person whose holdings of Guaranteed Notes (if that Person then held any Guaranteed Notes) would be deemed to be not outstanding under this definition.

- b) *Convening a meeting of Noteholders:* A meeting of Noteholders:
  - (i) may be convened by the Issuer or the Guarantor at any time; and
  - (ii) will be convened by the Issuer or the Fiscal Agent upon the request in writing of Holders of not less than 10 per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding.
- c) *Quorum at initial meeting:* The quorum at any meeting at which Noteholders may vote in respect of a proposed modification relating to:
  - (i) a Reserved Matter (as defined below) will be one or more Persons present and holding or representing not less than 66⅔ per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding; and
  - (ii) a matter which is not a Reserved Matter will be one or more Persons present and holding or representing not less than 50 per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding.
- d) *Quorum at adjourned meeting:* The quorum for any adjourned meeting will be one or more Persons present and holding or representing:
  - (i) not less than 66⅔ per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding in the case of an adjourned meeting convened in respect of a proposed modification relating to a Reserved Matter; and
  - (ii) not less than 25 per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding in the case of an adjourned meeting convened in respect of a proposed modification relating to a matter which is not a Reserved Matter.
- e) *Voting on non-Reserved Matters:* Save as otherwise provided in the Agency Agreement and Condition 17(III), any proposed modification in relation to a matter which is not a Reserved Matter may only be approved with the consent of the Issuer or the Guarantor and:
  - (i) the affirmative vote of more than 50 per cent. of the aggregate principal amount of the then outstanding Guaranteed Notes represented at a duly called and quorate meeting of Noteholders; or
  - (ii) a written resolution signed by or on behalf of a Holder or Holders of more than 50 per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding.
- f) *Voting on Reserved Matters:* Except as provided in Condition 17(II)(g) (*Cross-Series Modification*), any proposed modification relating to a Reserved Matter may only be approved with the consent of the Issuer or the Guarantor and:
  - (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Guaranteed Notes represented at a duly called and quorate meeting of Noteholders; or
  - (ii) a written resolution signed by or on behalf of a Holder or Holders of not less than 66⅔ per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding.
- g) *Cross-Series Modification:* A Cross-Series Modification relating to a Reserved Matter affecting the Guaranteed Notes and any other series of Debt Securities may only be approved with the consent of the Guarantor and:
  - (i)
    - (A) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called

and quorate meetings of the holders of the Debt Securities of all series (taken in aggregate) that would be affected by the proposed modification; or

- (B) a written resolution signed by or on behalf of the holders of not less than 66 $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Debt Securities of all series (taken in aggregate) that would be affected by the proposed modification;

and

(ii)

- (A) the affirmative vote of more than 66 $\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of the holders of each series of Debt Securities (taken individually) that would be affected by the proposed modification; or
- (B) written resolutions signed by or on behalf of the holders of more than 50 per cent. of the aggregate principal amount of the then outstanding Debt Securities of each series (taken individually) that would be affected by the proposed modification.

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

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

For the purposes of this Condition 17(II):

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

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

“**modification**” in relation to the Guaranteed Notes means any modification, amendment, supplement or waiver of the terms and conditions of the Guaranteed Notes, the Guarantee of the Notes or any agreement governing the issuance, constitution or administration of the Guaranteed Notes, and has the same meaning in relation to any other Debt Security save that any of the foregoing references to the Guaranteed Notes, the Guarantee of the Notes or any agreement governing the issuance, constitution or administration of such Guaranteed Notes

shall be read as references to such other Debt Securities, the guarantee of such other Debt Securities or any agreement governing the issuance, constitution or administration of such other Debt Securities;

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

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

- h) *Written resolutions*: A written resolution signed by or on behalf of holders of the requisite majority of the outstanding Debt Securities will be valid for all purposes as if it was a resolution passed at a meeting of holders of the Debt Securities duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more holders of Debt Securities.
- i) *Binding effect*: A resolution duly passed at a meeting of holders of Debt Securities duly convened and held, and a written resolution duly signed by the requisite majority of holders of Debt Securities, will be binding on all such holders, whether or not the holder was present or represented at the meeting, voted for or against the resolution or signed the written resolution.
- j) *Reserved Matters*: In this Condition 17(II), “**Reserved Matter**” means any proposal:
  - (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Guaranteed Notes or the Guarantee of the Notes, to reduce or cancel the amount of principal, instalment(s), interest or any other amount payable on any date in respect of the Guaranteed Notes or the Guarantee of the Notes or to change the method of calculating the amount of principal, instalment(s), interest or any other amount payable in respect of the Guaranteed Notes or the Guarantee of the Notes on any date *provided, however, that* for the avoidance of doubt any Benchmark Amendment and the selection of a Successor Rate, an Alternative Rate or an Adjustment Spread (in each case in accordance with the provisions of Condition 7) shall be excluded;
  - (ii) to change the currency in which any amount due in respect of the Guaranteed Notes or the Guarantee of the Notes is payable or the place in which any payment is to be made;
  - (iii) to change this definition or the definition of “outstanding” contained in the Agency Agreement;
  - (iv) to change or waive the provisions of the Guaranteed Notes set out in Condition 4(a) (*Status and Guarantee – Status of the Notes*) or Condition 4(b) (*Status and Guarantee – Guarantee of the Notes*) or the provisions set out in clause 4.7 (*Preservation of Rights*) of the relevant Guarantee of the Notes;
  - (v) to approve any arrangement relating to a Security Interest (other than a Permitted Security Interest) upon any of the Issuer’s assets or revenues, present or future, to secure any Relevant External Indebtedness of the Issuer benefitting the Issuer’s obligations under the Guaranteed Notes pursuant to Condition 5 (*Negative Pledge*);
  - (vi) to approve any arrangement relating to a Security Interest (other than a Permitted Security Interest) upon any of the Guarantor's assets or revenues, present or future, to

secure any Relevant External Indebtedness of the Guarantor or of any other Person or any guarantee or indemnity of the Guarantor in respect of Relevant External Indebtedness of any other Person benefitting the Guarantor's obligations under the Guarantee of the Notes pursuant to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes;

- (vii) to change any provision of the Guaranteed Notes describing circumstances in which Guaranteed Notes may be declared due and payable prior to their scheduled maturity, set out in Condition 13 (*Events of Default*);
  - (viii) to change the law governing the Guaranteed Notes or the Guarantee of the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Guaranteed Notes or the Guarantor has submitted under the relevant Guarantee of the Notes, the Issuer's and the Guarantor's respective obligations to maintain an agent for service of process in England or the Issuer's and the Guarantor's respective waivers of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 22 (*Governing Law and Jurisdiction*) and clause 11 (*Governing Law and Jurisdiction*) of the relevant Guarantee of the Notes;
  - (ix) to change the quorum required at any meeting of Noteholders or the majority required to pass any resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Guaranteed Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them, including in respect of a Cross-Series Modification;
  - (x) to modify any provision of these Conditions in connection with any exchange or substitution of the Guaranteed Notes for, or the conversion of the Guaranteed Notes into, any other obligations or securities of the Issuer or any other Person, which would result in the Conditions as so modified being less favourable to the Holders of Guaranteed Notes which are subject to the Conditions as so modified than:
    - (A) the provisions of the other obligations or securities of the Issuer or any other Person resulting from the relevant exchange or substitution; or
    - (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount; and
  - (xi) to modify any provision of the Guarantee of the Notes in connection with any exchange or substitution of the Guarantee of the Notes for, or the conversion of the Guarantee of the Notes into, any other obligations or securities of the Guarantor or any other Person, which would result in the Guarantee of the Notes as so modified being less favourable to the Holders of Guaranteed Notes which are subject to the Guarantee of the Notes as so modified than:
    - (A) the provisions of the other obligations or securities of the Guarantor or any other Person resulting from the relevant exchange or substitution; or
    - (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount.
- (III) The provisions of this Condition 17(III) shall apply to all Notes:
- a) *Modification:* The Notes, these Conditions, the Guarantee of the Notes (if the Notes are Guaranteed Notes) and the Deed of *Covenant* may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in these



Conditions, the Guarantee of the Notes (if the Notes are Guaranteed Notes), the Deed of Covenant or the Notes of any Series but, for the avoidance of doubt, the Issuer and the Guarantor shall not agree, without the consent of the Noteholders or the Couponholders, to any such modification unless it is of a formal, minor or technical nature or it is, in the opinion of the Issuer or the Guarantor (as the case may be), not materially prejudicial to the interests of the Noteholders of such Series. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders or the Couponholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

- b) In addition, the Issuer may, pursuant to Condition 7(j) (*Benchmark Discontinuation*), vary or amend these Conditions and/or the Agency Agreement to give effect to certain changes to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders or the Couponholders.

## 18. Further Issues

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

## 19. Notices

- 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.luxse.com*) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.
- 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. Governing Law and Jurisdiction

- a) *Governing law:* The Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith are governed by English law.
- b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes and the Coupons (including any non-contractual obligation arising out of or in connection therewith).
- c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- d) *Consent to enforcement etc.:* The Issuer consents generally in respect of any proceedings relating to a Dispute (the “**Proceedings**”) to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- e) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.
- f) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Consular Section of the Embassy of the Republic of Poland, Embassy of the Republic of Poland in London from time to time, being presently at 10 Bouverie Street, London EC4Y 8AX, England. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF GUARANTEE OF THE NOTES

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

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

**THIS DEED OF GUARANTEE** is made on [●]

**BY:**

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

**IN FAVOUR OF:**

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

**WHEREAS:**

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

THIS DEED OF GUARANTEE WITNESSES as follows:

### 1. INTERPRETATION

#### 1.1 Benefit of Deed of Guarantee

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

#### 1.2 Definitions, Interpretation and Application

“**Accountholder**” means any accountholder or participant with a Clearing System which at the Relevant Date has credited to its securities account with such Clearing System one or

more Entries in respect of a [Global Note]/[Global Note Certificate] issued by the Issuer, except for any Clearing System in its capacity as an accountholder of another Clearing System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1.3 Terms defined in the Conditions have the same meanings in this Deed of Guarantee.
- 1.4 Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Guaranteed Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 3 of the Deed of Covenant.
- 1.5 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

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

## **2. GUARANTEE**

2.1 The Guarantor hereby irrevocably and unconditionally guarantees:

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

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

2.2 The Guarantor undertakes to each Beneficiary that, if any sum referred to in Clause 2.1 is not recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Guaranteed Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Beneficiary) the Guarantor will pay such sum by way of a full indemnity in the manner and currency prescribed by the Conditions. This indemnity constitutes a separate independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.

2.3 Notwithstanding the foregoing provisions of Clauses 2.1 and 2.2 hereof, it is specifically agreed that the place of performance of any and all obligations under this Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Guarantee of the Notes shall be made out of or to the credit of bank accounts maintained with banks legally operating and situated in London, England.

2.4 This Deed of Guarantee expires one day after the date falling six months after the maturity date of the Guaranteed Notes.

## **3. TAXATION**

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

#### **4. PRESERVATION OF RIGHTS**

- 4.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.
- 4.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under any Guaranteed Note or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Guaranteed Notes and under the Deed of Covenant have been paid, and all other obligations of the Issuer thereunder have been satisfied, in full.
- 4.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding up, liquidation, reorganisation, moratorium or dissolution of the Issuer or any change in its status, functioning, control or ownership or events of a similar nature under applicable law;
  - (b) any of the obligations of the Issuer under or in respect of the Guaranteed Notes or the Deed of Covenant being or becoming illegal, invalid, ineffective or unenforceable;
  - (c) time or other indulgence being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Guaranteed Notes or the Deed of Covenant;
  - (d) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of any Guaranteed Note or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of the Guaranteed Notes are to be applied and any extension of or any increase in the obligations of the Issuer in respect of any Guaranteed Note or the addition of any new obligations for the Issuer under the Deed of Covenant; or
  - (e) any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.
- 4.4 Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other Person on the Issuer's behalf being avoided or reduced by virtue of any provision or enactment relating to liquidation, winding-up or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 4.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- (a) to make any demand of the Issuer save for the presentation of the relevant Guaranteed Note;
  - (b) to take any action or obtain judgment in any court against the Issuer; or

(c) to make or file any claim or proof in a winding up or dissolution of the Issuer, and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Guaranteed Note.

4.6 The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Guaranteed Notes or under the Deed of Covenant or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- (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 Guaranteed Notes or the Deed of Covenant;
- (c) to take the benefit (in whole or in part) of any security enjoyed in connection with the Guaranteed Notes or the Deed of Covenant by any Beneficiary; or
- (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 Guaranteed Notes will constitute direct, general, unconditional and (subject to Clause 5 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated External Indebtedness of the Guarantor, *provided further* that the Guarantor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Guarantee of the Notes and vice versa.

## **5. NEGATIVE PLEDGE**

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

## **6. DEPOSIT OF DEED OF GUARANTEE**

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

## **7. STAMP DUTIES**

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

## 8. BENEFIT OF DEED OF GUARANTEE

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

## 9. PARTIAL INVALIDITY

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

## 10. NOTICES

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

Ministry of Finance

Guarantees and Sureties Department

Address: ul. Świętokrzyska 12  
00-916 Warsaw  
Poland

Tel: +48 22 694 4151

Fax: +48 22 694 33 88

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

Email: Sekretariat.DG@mf.gov.pl

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

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

## 11. GOVERNING LAW AND JURISDICTION

- 11.1 This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by English law.
- 11.2 The courts of England have exclusive jurisdiction to settle any dispute, arising out of or in connection with this Deed of Guarantee (including a dispute relating to the existence, validity or termination of this Deed of Guarantee or any non-contractual obligation arising out of or in connection with it) or the consequences of its nullity (a “**Dispute**”) and the Guarantor irrevocably submits to the jurisdiction of the English court.



- 11.3 The Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 11.4 The Guarantor agrees that the documents which start any proceedings relating to a Dispute (“**Proceedings**”) and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Ambassador of the Republic of Poland to the Court of St. James's, Embassy of the Republic of Poland in London, 47 Portland Place, London W1B 1JH, England. Nothing in this paragraph shall affect the right of any Beneficiary to serve process in any other manner permitted by law.
- 11.5 The Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- 11.6 To the extent that the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity (whether sovereign, diplomatic or other) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Guarantor or its assets or revenues, the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction *provided, however*, that immunity is not waived in respect of present or future “premises of the mission” as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, “consular premises” as such term is defined in the Vienna Convention on Consular Relations signed in 1963 or military property or military assets of the Guarantor. The Guarantor reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to any actions brought against it in any court of or in the United States of America under any United States federal or state securities law.

## 12. MISCELLANEOUS

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

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

## FORM OF FINAL TERMS

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

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

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

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

**[UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic

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<sup>1</sup> This would only be applicable for Notes other than Guaranteed Notes.

law of the UK by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)]/[distributor] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

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

**[UK MiFIR product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of the domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA], eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**UK MiFIR**”); **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under the [FCA Handbook Conduct of Business Sourcebook]/[COBS], as applicable]. [*Consider any negative target market*]. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)]/[distributor] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under the [FCA Handbook Conduct of Business Sourcebook]/[COBS], as applicable.]]

**[Singapore Securities and Futures Act Product Classification** – In connection with 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore ( the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [“prescribed capital markets products”]/[“capital markets products other than prescribed capital markets products”] (as defined in the CMP Regulations 2018)

and [“Specified Investment Products”] / [“Excluded Investment Products”] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

Final Terms dated [•]

**BANK GOSPODARSTWA KRAJOWEGO**

**LEI: 259400BCOV9JJIGLYF05**

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

**[Guaranteed by**

**THE STATE TREASURY OF THE REPUBLIC OF POLAND**

**pursuant to a Deed of Guarantee dated [•]]**

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

**under the €15,000,000,000**

**Medium Term Note Programme**

**PART A — CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Offering Circular dated 8 May 2023 [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**”)]<sup>3</sup>. These Final Terms contain the final terms of the Notes described herein [for the purposes of the Prospectus Regulation]<sup>4</sup> and must be read in conjunction with the Offering Circular in order to obtain all the relevant information.

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

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

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

<sup>3</sup> To include for Notes other than Guaranteed Notes only.

<sup>4</sup> To include for Notes other than Guaranteed Notes only.

<sup>5</sup> To include for Notes other than Guaranteed Notes only.

<sup>6</sup> To include for Notes other than Guaranteed Notes only.

*[End of alternative language]*

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

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

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

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

- amount.
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date up to (but excluding) [•] paragraph [15]/[16] applies and for the period from (and including) [•] up to (and including) the Maturity Date paragraph [15]/[16] applies]/[Not Applicable]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]  
[(further particulars specified below)]
12. Method of distribution: [Syndicated/Non-syndicated]
13. Date of Supervisory Board and Management Board approval for issuance of Notes: [•] and [•], respectively
14. [(i) Guarantee of the Notes: [Applicable/Not Applicable]  
[(ii) Date of the Guarantee of the Notes: [•]/[Not Applicable]

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

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year commencing on [•] up to (and including) [the Maturity Date/other date (specify)] [[adjusted for payment purposes only in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/[, No Adjustment]]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]/[other]<sup>7</sup>
- (vi) Other terms relating to the method of calculating interest for Fixed [Not Applicable/give details]

<sup>7</sup> If the applicable Day Count Fraction is 30/360, 30E/360 or Eurobond basis and the intention is that the 2006 ISDA Definitions apply, then this should be specified in Item 281 (*Other terms or special conditions*) as the 2000 ISDA Definitions is the “default” definition pursuant to the Terms and Conditions of the Notes. If the applicable Day Count Fraction is 30E/360 (ISDA), then the 2006 ISDA Definitions will apply and this should be specified in Item 28 (*Other terms or special conditions*).

- Rate Notes: *(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual (ICMA) basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)*
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- [(i) Specified Period(s): [•]]  
*(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)*
- [(ii) Interest Payment Dates: [•]]  
*(Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention insert “Not Applicable”)*
- [(iii) Business Day Convention: [Specify applicable Business Day Convention]/  
[No Adjustment]
- [(iv) Additional Business Centre(s): [Not Applicable/give details]
- [(v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (give details)]
- [(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- [(vii) Screen Rate Determination:
- Reference Rate: [For example EURIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [For example, Reuters page EURIBOR01]
  - Relevant Time: [For example, 11.00 a.m. Brussels time]
  - Relevant Financial Centre: [For example, Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- [(viii) ISDA Determination:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]/[other]<sup>8</sup>
- (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

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



- (iv) Notice period (if other than as set out in the Conditions): [•]
19. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Put): [•]
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [•]
20. **Final Redemption Amount of each Note** [[•] per Calculation Amount]
21. **Early Termination Amount**  
 Early Termination Amount(s) payable on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [[•] per Calculation Amount/Not Applicable *(if the Early Termination Amount is the principal amount of the Notes/specify the Early Termination Amount if different from the principal amount of the Notes)*]
22. **Early Redemption Amount (Tax)** [•][As set out in the Conditions]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes<sup>9</sup>:  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]  
 [Temporary Global Note exchangeable for Definitive Notes on 40 days' notice.]  
 [Permanent Global Note exchangeable for Definitive Notes on not less than 60 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]]
- [Registered Notes:  
 [Unrestricted Global Registered Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream,

<sup>9</sup> The exchange upon expiry of a period of notice or at any time options referred to below should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Temporary Bearer Global Notes exchangeable for Definitive Notes.

- Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [Restricted Global Registered Note registered in the name of [a nominee for DTC] [a common depository for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [Unrestricted Global Registered Note exchangeable for Individual Unrestricted Note Certificates [in the limited circumstances described in the Unrestricted Global Registered Note][*other*]
- [Restricted Global Registered Note exchangeable for Individual Restricted Note Certificates in the limited circumstances described in the Restricted Global Registered Note][*other*]
24. New Global Note form: [Applicable/Not Applicable]
25. New Safekeeping Structure: [Applicable/Not Applicable]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*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*]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. 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 AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify other market, only a market in a jurisdiction to which the Offering Circular was passported can be specified*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the [regulated market of the Luxembourg Stock Exchange/other (*specify other market, only a market in a jurisdiction to which the Offering Circular was passported can be specified*)] with effect from [•.] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

### 2. RATINGS

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

Fitch Ratings Ireland Limited: [•]

Moody's Investors Service Cyprus Ltd. [•]

S&P Global Ratings Europe Limited: [•]

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

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

[include brief explanation and definitions of ratings assigned]

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

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its][their] affiliates in the ordinary course of business. *Amend as appropriate if there are other interests.*

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

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

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

[(iii)] Estimated total expenses related to the admission to trading: [•] [*Include breakdown of expenses.*]  
*(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: [[•]/Not Applicable]

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

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

7. **DISTRIBUTION**

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

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

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

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

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

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

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

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

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may*

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<sup>10</sup> This would only be applicable for Notes other than Guaranteed Notes.

*constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)]*

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

## 8. OPERATIONAL INFORMATION

ISIN Code [(Unrestricted Notes)]: [•]

[ISIN Code (Restricted Notes): [•]]

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

[Common Code (Restricted Notes): [•]]

[CUSIP (Restricted Notes): [•]]

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

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

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

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

Delivery: Delivery [against/free of] payment

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

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

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Clearing System Accountholders**

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

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

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

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

### **Conditions applicable to Global Notes and Global Registered Notes**

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

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or

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

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

*Payment Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register, (i) except in the case of Global Registered Notes to be cleared through DTC, at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Registered Note is being held is open for business; and (ii) in the case of the Global Registered Notes to be cleared through DTC, on the 15<sup>th</sup> DTC business day before the due date for such payment (the “**DTC Record Date**”).

*Exercise of put option:* In order to exercise the option contained in Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent, in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable), specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn. Accountholders wishing to arrange for their Notes to be put must arrange for their instructions to be given in accordance with the rules and procedures of the clearing system through which they hold their interest in such Notes, which may require the transfer of such Notes, or the blocking thereof, in the relevant clearing system.



*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg (to be reflected in the records of DTC, Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion). If fewer than all of the Notes represented by the Restricted Global Registered Note which are held or cleared through DTC are subject to redemption, the Notes shall be redeemed on a *pro rata* pass-through distribution of principal basis in accordance with the rules and procedures of DTC.

*Notices:* Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, registered in the name of a nominee for DTC or deposited with a 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 DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

## **USE OF PROCEEDS**

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

## CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization and indebtedness and net financial debt of BGK as of 31 December 2022. This section should be read together with the information contained in “*Selected Financial Information*”, the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements, the 2020 Consolidated Financial Statements and the respective notes thereto.

### Capitalization and Indebtedness

The table below sets forth the capitalization and indebtedness of the Group as of 31 December 2022.

	<b>As of 31 December 2022</b>
	<i>(audited)</i>
	<i>(PLN million)</i>
<b>Financial debt</b> .....	<b>168,943</b>
Amounts due to banks .....	4,531
Liabilities to customers.....	153,816
Repurchase agreements .....	6,574
Own issues.....	3,934
Lease liabilities .....	88
<b>Equity</b> .....	<b>30,688</b>
Statutory capital.....	26,879
Revaluation reserve .....	(400)
Legal reserves .....	1,608
Other reserves .....	232
Retained earnings .....	2,369
<b>Total</b> .....	<b>199,631</b>

*Source: BGK*

There have been no material changes in the capitalization, indebtedness or liquidity of the Issuer from 31 December 2022, to the date of this Offering Circular other than as described herein.

### Indirect, Conditional and Other Indebtedness

BGK carries out government tasks on the basis of acts and agreements with ministries, including through cash flow funds established by, entrusted with or transferred to BGK, for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements. Cash flow funds manage and administer cash flows which are not recognised in BGK’s statement of financial position and the statement of profit or loss. Detailed information on the financial position and profit and loss of cash-flow funds for each financial year is available in the statements of funds established under separate legislation, which are included in the 2022 Standalone Financial Statements, 2021 Standalone Financial Statements and 2020 Standalone Financial Statements incorporated by reference in this Offering Circular.

For further information on off-balance sheet liabilities granted and received of the Group, please see Note 36 of the 2022 Consolidated Financial Statements.

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

Unless otherwise indicated, the financial information in this Offering Circular relating to the Group has been derived from the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and 2020 Consolidated Financial Statements.

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

### Group financial information for the years ended 31 December 2022, 31 December 2021 and 31 December 2020

#### *Consolidated Statement of Profit or Loss*

	Year ended 31 December		
	2022	2021	2020
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Continuing operations</b>			
Interest income .....	10,006	1,461	1,512
Interest income calculated with the use of the effective interest rate method .....	9,208	1,368	1,386
Income of similar nature to interest income on instruments at fair value through profit or loss .....	798	93	126
Interest expense .....	(7,041)	(428)	(557)
<b>Net interest income</b> .....	<b>2,965</b>	<b>1,033</b>	<b>955</b>
Fee and commission income .....	335	311	261
Fee and commission expense .....	(18)	(16)	(13)
<b>Net fee and commission income</b> .....	<b>317</b>	<b>295</b>	<b>248</b>
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses) .....	210	169	115
Net gains (losses) on investments in financial assets .....	55	49	(10)
Net gains (losses) on modifications .....	157	19	151
Other operating income .....	15	332	139
Other operating expenses .....	(92)	(72)	(117)
General administrative expenses .....	(685)	(652)	(624)
Net impairment losses and provisions .....	(301)	(332)	(385)
<b>Operating result</b> .....	<b>2,641</b>	<b>841</b>	<b>472</b>
Share of profit or loss of associates .....	32	253	(25)
<b>Profit before tax</b> .....	<b>2,673</b>	<b>1,094</b>	<b>447</b>
Income tax .....	(511)	(219)	(80)
<b>Net profit</b> .....	<b>2,162</b>	<b>875</b>	<b>367</b>
<b>Net profit attributable to the owner of the parent entity</b> .....	<b>2,162</b>	<b>875</b>	<b>367</b>
<b>Net profit/loss attributable to non-controlling interests</b> .....	<b>-</b>	<b>-</b>	<b>(1)</b>

*Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements*

#### *Consolidated statement of comprehensive income*

	Year ended 31 December		
	2022	2021	2020
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Net profit</b> .....	<b>2,162</b>	<b>875</b>	<b>367</b>
Other comprehensive income .....	(452)	(52)	(42)
<b>Items that may be reclassified subsequently to profit or</b>	<b>(194)</b>	<b>(375)</b>	<b>89</b>

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
		<i>(audited)</i>	
		<i>(PLN million)</i>	
<b>loss</b> .....			
Revaluation of financial assets at fair value through other comprehensive income, including: .....	(276)	(467)	94
Deferred tax on financial assets at fair value through other comprehensive income .....	52	89	(18)
Share in other comprehensive income of associates, gross .....	2	-	2
Foreign exchange gains or losses on translating subordinates...	25	4	13
Deferred tax on foreign exchange gains or losses on translating subordinates .....	(5)	(1)	(2)
Cash flow hedge, gross .....	10	-	-
Deferred tax on cash flow hedge .....	(2)	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b> .....	<b>(258)</b>	<b>323</b>	<b>(131)</b>
Revaluation of equity instruments designated as at fair value through other comprehensive income, including: .....	(320)	400	(159)
Deferred tax on revaluation of equity instruments designated as at fair value through other comprehensive income.....	61	(76)	31
Property, plant and equipment and investment property, including:	-	-	(1)
Deferred tax on property, plant and equipment and investment property .....	-	-	-
Gains and losses to measurement of defined benefit plans, including:.....	1	(1)	(1)
<b>Total net comprehensive income</b> .....	<b>1,710</b>	<b>823</b>	<b>324</b>
<b>Net comprehensive income attributable to the owner of the parent entity</b> .....	<b>1,710</b>	<b>823</b>	<b>325</b>
<b>Net comprehensive income attributable to non-controlling interests</b> .....	-	-	<b>(1)</b>

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements

### Consolidated statement of financial position

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
		<i>(audited)</i>	
		<i>(PLN million)</i>	
<b>ASSETS</b>			
Cash and balances with the Central Bank.....	3,300	48,342	32,262
Amounts due from banks.....	9,931	5,088	5,606
Derivative financial instruments.....	1,587	468	997
Derivative hedging instruments.....	10	-	-
Securities: .....	137,259	93,975	76,902
held for trading .....	6	9	20
not held for trading measured at fair value through profit or loss .....	718	753	881
measured at fair value through other comprehensive income .....	48,660	66,693	55,769
measured at amortised cost.....	87,875	26,520	20,232
Reverse repurchase agreements.....	12,741	10,003	4,207
Loans and advances to customers:.....	37,072	33,263	33,452
measured at amortised cost.....	36,975	33,178	33,349
obligatorily measured at fair value through profit or loss....	97	85	102
Investments in associates.....	4,327	4,818	4,379
Intangible assets.....	116	80	69
Property, plant and equipment.....	119	126	130

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
Right-of-use assets.....	86	105	105
Investment property.....	16	19	1,711
Current tax receivables.....	-	18	1
Deferred tax assets.....	373	276	325
Other assets.....	84	63	179
<b>Total assets.....</b>	<b>207,021</b>	<b>196,644</b>	<b>160,326</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to banks.....	4,531	3,576	3,908
Derivative financial instruments.....	1,359	895	1,325
Liabilities to customers.....	153,816	150,804	116,138
Repurchase agreements.....	6,574	10,454	5,818
Debt securities issued.....	3,934	3,860	4,859
Lease liabilities.....	88	113	113
Other liabilities.....	4,924	1,461	3,642
Current tax liabilities.....	364	-	47
Deferred tax liabilities.....	-	-	31
Provisions.....	743	759	520
<b>Total liabilities.....</b>	<b>176,333</b>	<b>171,922</b>	<b>136,402</b>
<b>Equity</b>			
Statutory capital.....	26,879	21,982	21,692
Supplementary capital.....	1,608	1,553	1,570
Revaluation reserve.....	(400)	52	104
Other capital reserves.....	232	232	232
Retained earnings/accumulated loss.....	207	28	(66)
Net profit (loss) for the current year.....	2,162	875	367
<b>Equity attributable to the owner of the parent entity.....</b>	<b>30,688</b>	<b>24,722</b>	<b>23,900</b>
<b>Non-controlling interests.....</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Total equity.....</b>	<b>30,688</b>	<b>24,722</b>	<b>23,924</b>
<b>Total liabilities and equity.....</b>	<b>207,021</b>	<b>196,644</b>	<b>160,326</b>

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements

### Alternative Performance Measures

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

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(unaudited)</i>		
Income from banking activities (in PLN million).....	3,704	1,565	1,459
Cost to Income (C/I) ratio on core activities.....	18.5%	41.7%	42.8%
Cost to Income (C/I) ratio including other operating income and expenses.....	18.9%	35.7%	42.2%
Return on assets (ROA).....	1.0%	0.4%	0.2%
Return on equity (ROE).....	7.9%	3.6%	1.7%
Net interest margin.....	1.4%	0.5%	0.6%

Source: BGK

## OPERATING AND FINANCIAL REVIEW

*The following is a discussion and analysis of the Group's results of operations and financial condition based on the 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements and 2020 Consolidated Financial Statements.*

*The Group's consolidated historical financial information and other data should be read in conjunction with the information contained in "Use of Proceeds", "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition" and the 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, and 2020 Consolidated Financial Statements included elsewhere in this Offering Circular.*

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

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

### Overview

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

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

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

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

- carrying out activities 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;
- 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; and

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

The Group's activities have a multidimensional development context. The implementation of activities in one area, such as financing reindustrialisation, has a positive impact on other areas, i.e. on labour market development, reduction of the unemployment rate or increase in state budget revenue. The Group's infrastructure projects improve the quality and accessibility of services to the public and have a positive impact on the environment and the economy.

The Group carries out its activities in a responsible and sustainable manner, while maintaining a reasonable risk appetite. Planned projects are analysed in terms of risk and their impact on the Poland's sustainable economic growth. In 2022, the liquidity of BGK was at a safe level and its level of capital adequacy was monitored using capital adequacy ratios determined in line with the Banking Law and the CRR (Capital Requirements Regulation). As at 31 December 2022, 31 December 2021 and 31 December 2020, the total capital ratio of BGK (including cash flow funds) amounted to 28.91 per cent., 29.39 per cent. and 33.86 per cent., respectively.

An important element of the Group's operations are activities related to co-creation and implementation of programmes supporting the development of the housing industry, including provision of debt financing to entities in the social rental housing sector, non-refundable financing in the rental housing construction sector, in particular to municipal entities, as well as supporting thermal modernisation and refurbishment of residential buildings. BGK carries out government tasks on the basis of acts and agreements with ministries, including through funds established, entrusted or transferred to BGK. These include, among others, cash flow funds related to the management and administration of cash flows of government funds established pursuant to applicable regulations.

In addition, the Group actively support activities focused on exports, including through Korporacja Ubezpieczeń Kredytów Eksportowych S.A. ("**KUKE S.A.**"), implementation of the government export support programme and financing export projects that are partially implemented at "own risk". The Group also actively supports the foreign expansion of Polish businesses through Fundusz Ekspansji Zagranicznej FIZ AN ("**FEZ FIZ AN**") managed by PFR TFI S.A., which helps Polish entities co-finance their investment projects abroad by offering loans or acquiring minority shareholdings with a buyout option.

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

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

### **Recent Developments**

The following discussion highlights the events after 31 December 2022 that may impact Group's financial performance, its prospects or financial condition.

#### ***Increase in the Statutory Capital***

On 19 April 2023, the statutory capital of BGK was increased from PLN 26,879 million to PLN 28,882 million due to distribution of the net profit for the year ended 31 December 2022.



### ***Increase in Liabilities to Customers***

As at 31 March 2023, the BGK's liabilities to customers amounted to PLN 167,512 million, 8.9 per cent. higher, compared to PLN 153,830 million as at 31 December 2022. The change was due to the development of BGK operations in the normal course of business.

### ***Establishment of the Government Road Development Fund***

Since 1 January 2023, BGK has been operating the Government Road Development Fund, which was established as a result of the transformation of a special purpose state fund into a cashflow fund under the Act on the Amendment of the Act on the Government Road Development Fund and Certain Other Acts dated 5 August 2022. The purpose of the fund is to support local government units in improving road safety and the technical capabilities of local road networks, as well as increasing the attractiveness and accessibility of investment areas.

### ***Opinion of the Advocate General of the CJEU dated 16 February 2023***

On 16 February 2023, the opinion of the Advocate General of the CJEU was published in the case pending before the CJEU, ref. C-520/21, concerning the settlement of claims arising from the non-contractual use of capital in the event of cancellation of a loan agreement denominated in CHF in the context of compliance with Directive 93/13/EEC on unfair terms in consumer contracts. According to the opinion, in the event of the invalidation of the agreement, banks have no right to demand from the consumer anything other than the return of the principal paid and the payment of statutory interest for delay from the time of the payment demand. The opinion is not binding and does not definitively resolve the issues and the CJEU's judgment is expected in 2023.

BGK took into account the opinion of the Advocate General of the CJEU in the estimates made for the provision for loans originally indexed to or denominated in CHF. BGK's CHF loan portfolio carrying value amounted to PLN 20.3 million as at 31 December 2022.

### ***Acquisition of shares in Contec S.A.***

On 17 March 2023, Vinci S.A. HiTech ASI S.K.A., an alternative investment fund, managed by Vinci S.A., signed an agreement on an equity investment involving the acquisition of 42,424,889 shares in Contec S.A. for PLN 38.2 million. Contec S.A. operations include the recovery of industrial materials from used tires using proprietary pyrolysis technology.

### ***Acquisition of shares in Vinci S.A. HiTech ASI S.K.A.***

On 23 March 2023, BGK subscribed for Series C shares of Vinci S.A. HiTech ASI S.K.A. with a value of PLN 41.5 million.

### ***Benchmark replacements***

On 7 July 2022, the Polish Parliament enacted the act on crowdfunding for business ventures and assistance to borrowers which, inter alia, granted the Minister of Finance the powers to issue regulations to determine a substitute benchmark for WIBOR on the basis of the POLONIA rate pursuant to the recommendations of the Financial Stability Committee and the KNF. On 13 July 2022, the National Working Group for the Reform of Benchmarks (the "**National Working Group**") was established, with representatives of the Ministry of Finance, the National Bank of Poland, the KNF, the Bank Guarantee Fund, the Polish Development Fund Group, the Warsaw Stock Exchange, the National Depository for Securities, BGK, GPW Benchmark, leading commercial banks, banks associating cooperative banks, investment fund management companies, insurance undertakings, and professional associations of financial market entities. The National Working Group was established with the aim of preparing a roadmap and a schedule of activities for the smooth and safe implementation of each element of the process leading to the WIBOR interest rate benchmark being replaced with a new benchmark. On 2 September 2022, the National Working Group selected the WIRD (the Warsaw Deposit Market Index) as an alternative interest rate benchmark for WIBOR and

to ultimately become the critical interest rate benchmark as defined in the EU Benchmarks Regulation, which is applied in financial contracts (e.g. credit agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. to determine the asset management fees). Subsequently, on 3 October 2022, the summary of the expected roadmap for the replacement of WIBOR and WIBID benchmarks with the WIRON index (the “**WIBOR Replacement Roadmap**”) was published by the National Working Group, which declared a change of the name of the alternative interest rate benchmark for WIBOR from WIRD to WIRON (the Warsaw Interest Rate Overnight), as developed and published by GPW Benchmark, in order to better reflect the characteristics of the critical interest rate benchmark (i.e. reliance on the data representing overnight transactions). In the WIBOR Replacement Roadmap, the National Working Group assumed that the benchmark reform in Poland will be completed by the end of 2024, while the new offer of financial products using the WIRON index is expected to progress gradually in 2023 and 2024, with the objective of ceasing to use the WIBOR reference rate by the start of 2025.

In 2022, BGK undertook a number of measures to adapt BGK’s operations to the benchmark replacements. In the second half of 2022, BGK participated in the work of the National Working Group concerning the assumptions of the WIBOR reform. In December 2022, the WIRON programme was launched at the Bank with the aim of timely adaptation of products, funding, processes, procedures, documentation for partners, communications and IT systems at BGK for the replacement of the previously used WIBOR and WIBID reference rates by the new WIRON interest rate index. In 2023, BGK aims, among other things, to implement changes to the central system and to banking products, in readiness for WIRON-based OIS transactions and the conversion of WIBOR and WIBID-based transactions.

With respect to LIBOR indices and the Financial Conduct Authority’s decision indicating that USD LIBOR rates for all tenors will cease to be published from 30 June 2023, BGK plans to offer annexes to agreement with customers who have USD LIBOR-based loans, current accounts, bond and/or derivative transactions, with aim to change the reference rate on which the product is based from USD LIBOR to the new reference rate.

### **Key Factors Influencing the Group’s Results of Operations**

The following discussion highlights the factors and market trends that we believe have significantly affected our results of operations for the periods under review, and we expect that such factors and trends may continue to significantly impact our results of operations in the future. Certain of the below factors have historically been cyclical or volatile, much of which is due to circumstances that are beyond our control. As a result, past performance will not necessarily be indicative of future performance. In addition, important factors that could cause our actual operations or financial condition to differ materially from those expressed or implied below also include, but are not limited to, factors indicated in this Offering Circular under “*Risk Factors*.”

### ***Policies of the Polish Government***

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

BGK’s consolidated statement of profit or loss presents revenue and costs related to its own activities and does not include revenue and costs of funds and programmes administered by BGK, except for costs incurred by BGK for the purpose of management of commissioned activities and revenue received as remuneration for such management. The revenue amounted to PLN 106 million in 2022, PLN 113 million in 2021, and PLN 70 million in 2020.

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

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

These initiatives, and BGK's role therein, are expected to continue for the foreseeable future. Moreover, the Polish Government may establish new initiatives or programmes to be managed or operated by BGK. Even though cash-flow funds are not recognized in the Group's results of operations, the issuances for their purposes constitute a significant majority of the Issuer's activities in the debt financial markets and engage significant resources of the Group. For example total value of liabilities under the bonds issued by BGK for the purposes of the COVID-19 Response Fund amounted to PLN 149,377 million as at 31 December 2022, PLN 141,205 million as at 31 December 2021 and PLN 101,692 million as at 31 December 2020.

### ***Economic Environment***

The Group's results of operations are influenced by developments in the Polish and global economy. In 2022, they were driven mostly by a rapid increase in interest rates and inflation and by other factors, including the Russian invasion of Ukraine and energy crisis.

#### ***Polish economy***

In 2022, the Polish economy was hit by a strong supply and demand shock (caused by the outbreak of the war in Ukraine and its consequences). It affected the global economy, making it even more difficult for Poland and other countries' economies to recover from the pandemic. Despite these headwinds, the Polish economy performed well in 2022. According to preliminary data, real GDP increased by 4.9 per cent. in 2022, following a strong rebound in 2021. Domestic demand increased by 5.5 per cent. in 2022 compared to 2021 when there was an increase of 8.4 per cent. compared to 2020. Household consumption benefited from a strong labour market, tax cuts and consumption expenditure of refugees, but simultaneously was negatively affected by cautious consumer spending (connected with general uncertainty and the war in Ukraine) due to high inflation and higher nominal NBP rates. It increased by 3.0 per cent. in 2022 as compared to 6.3 per cent. in 2021. Investment improved moderately by 4.6 per cent. in 2022 compared to 2.1 per cent. in 2021. The positive contribution to GDP growth stemmed from inventories while net exports remained anti-cyclical, weighing negatively on overall GDP growth. The gross value added to GDP was 4.6 per cent. higher than in 2021 with a relatively high growth rate recorded in the industrial sector (see: *Risk Factors - Risks related to the Issuer and the Group – Risks relating to BGK's business activity and industry - Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*).

As the Group operates in Poland and aims to fill the funding gap in public and private projects, economic conditions in Poland impact the Group's clients' funding needs and credit risk related thereto. This may translate into, among others, impairment allowances on the Group's exposures to the clients, which amounted to PLN 1,722 million in 2022, PLN 1,397 million in 2021 and PLN 1,355 million in 2020.

## *Inflation and monetary policy*

The economic recovery and strengthening demand in 2022 were accompanied by rising CPI inflation. In 2022, the CPI rate was 14.4 per cent. on average. The inflation rate increased from 9.7 per cent. in the first quarter of 2022 to 17.3 per cent. in the fourth quarter of 2022. Food prices in 2022 increased by 15.4 per cent. on average, energy prices by 29.9 per cent. and core inflation is estimated at 9.1 per cent. for 2022. Acceleration of inflation in 2022 stemmed, to a large extent, from the growth in commodities prices (primarily energy, but also agricultural) in the international markets caused by the pandemic and war in Ukraine. Moreover, the economic recovery after the pandemic and relatively strong demand after relaxation of pandemic restrictions gradually translated into higher prices of many final goods and services. Moreover, in February 2023, the annual CPI rate reached 18.4 per cent. which was mostly caused by growing inflation rate of food products, which amounted to 22.7 per cent. Inflation is expected to remain at a high level going forward according the NBP, which indicated there is 50 per cent. probability that inflation for 2023 would be in between 10.2 to 13.5 per cent. range, despite the anti-inflation measures which have been introduced by the government.

In early October 2021, in response to growing inflation, the MPC raised its reference rate to 0.5 per cent. from 0.1 per cent. and increased the required reserve ratio to 2.0 per cent. from 0.5 per cent. In the following months, the MPC continued monetary tightening, given a risk that second-round effects and buoyant demand may feed into elevated inflation in the monetary policy transmission horizon. In the period between November 2021 and August 2022, the MPC hiked interest rates ten times, which lifted the reference rate to 6.75 per cent. In February 2022, the MPC also increased the required reserve ratio to 3.5 per cent., the level from before the COVID-19 pandemic.

Growing interest rates directly impacted the Group's net interest income which increased to PLN 2,965 million in the year ended 31 December 2022, by 1,932 million, or 187.0 per cent., from PLN 1,033 million for the year ended 31 December 2021. For example, in 2022, the average level of the loans and advances portfolio was PLN 47.8 billion, having grown by PLN 2.2 billion compared to 2021. In 2022, the average interest rate on BGK's portfolio of loans and advances to customers was 5.5 per cent., compared with 1.79 per cent. for 2021. Moreover, in 2022, BGK's average balance of customer deposits was PLN 148 billion, down by PLN 6 billion, i.e. 3.7 per cent. as compared to the previous year. In 2022, the average cost of deposits was 4.39 per cent. as compared to 0.23 per cent. in 2021.

Sustained high inflation could have a negative effect on the financial condition of the Group's customers, and could also put pressure on yields on short- and long-term bonds issued by or held by the Issuer. Moreover, the Group's assets are exposed to increases in inflation and/or in inflation forecasts, which could accompany increases in interest rates and lead to a decrease in the market value of bonds held in the Group's securities portfolio. Depending on the relevant macroeconomic context, increases in inflation could also have a negative impact on risk premiums and share prices, which could result in a decline in the market value of the Group's equity portfolio. This could have an adverse effect on the profitability of the Group's securities portfolio and the Group's revenues (see: *Key Factors Influencing Group's Results of Operations – Economic Environment – Fluctuation in the value of the securities portfolio*).

### *Fluctuation in the value of the securities portfolio*

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

As at 31 December 2022, debt instruments issued by the State Treasury and the NBP accounted for 90.0 per cent of the Group's debt securities portfolio. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the

Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; (ii) increases in domestic interest rates; (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

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

As at 31 December 2022, the Group's net equity investments stood at PLN 5,894 million as at the end of 2022, down PLN 888 million, or 13.1%, compared to the end of 2021. The change resulted mainly from the redemption of part of the Group's PFR FI FIZAN certificates, an increase of exposure to the Three Seas Initiative Investment Fund and lower valuation of PKO BP S.A. shares.

As at 31 December 2022, the Bank held shares in 26 companies (including three public companies, of which two were listed on the Warsaw Stock Exchange).

The shares in PKO BP S.A. represent the largest item of BGK's share portfolio in terms of value. As at the 31 December 2022, the Bank also held shares in 23 non-public companies, including 13 regional and local surety funds, 11 of which were classified as associates of BGK and are measured using the equity method.

In addition, as at the end of 2022, BGK was a unitholder of two closed-end investment funds managed by PFR TFI S.A. The funds in which BGK held units invest mainly in infrastructure and support the expansion of Polish businesses.

Compared with the figure as at 31 December 2021 the total value of investment certificates held by BGK as at 31 December 2022 decreased by PLN 1,200 million due to the merger of two investment fund and redemption of certificates.

BGK is also an investor in the Polish Growth Fund of Funds, PGFF (*Polski Fundusz Funduszy Wzrostu*) established in 2013 with a five-year investment term, as part of a joint initiative of BGK and the European Investment Fund. The PGFF invests in private equity (major share) and venture capital funds, with no industry specialisation, investing in Poland and other Central and Eastern Europe countries. In addition, BGK has invested in pan-European equity funds operating under the Luxembourg law, established to finance infrastructure projects in the energy sector, including in the generation of electricity from renewable energy sources, transportation and digital infrastructure, i.e., the 2020 European Fund for Energy, Climate Change and Infrastructure and Marguerite II SCSp.

Any adverse market sentiments, including increased market volatility and uncertainty and related market movements may also affect the results of the Group's trading book. In 2022, BGK co-founded and joined the newly established Marguerite III SCSp fund.

### ***Impact of the Russian Military Invasion of Ukraine***

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

The main source of uncertainty for 2023 is primarily related to the war in Ukraine, which has strongly impacted commodity markets and price processes, and, as a result, consumption, the shape of monetary policies and aggregate demand. BGK expects that the Polish economy will be negatively correlated with the strength of price processes and the associated level of the global risk-free rate.

However, the GDP growth rate is expected to be positively affected by increased private and public consumption resulting from accepting refugees.

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

For prudential reasons, when Russia initiated the military attack on Ukraine, BGK immediately reclassified selected financing instruments in Ukraine, Russia and Belarus from Stage 1 to Stage 2. Decisions are made on a case-by-case basis to reclassify exposures to Stage 3 depending on the observed indications for reclassification. Moreover, BGK analysed its loan portfolio for clients exposed to the war in Ukraine, including through: lower revenue from exports to Ukraine, Belarus and Russia, limited operations due to lower imports of goods and raw materials from those markets, or higher cost of raw materials. BGK identified approximately 20 corporate clients exposed to these risk factors and performed the relevant tests, which indicated that if the assumed scenarios materialise, it may have to recognise additional loss allowances of approximately PLN 41.5 million. The clients were subject to additional monitoring.

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

Any further developments connected with Russia's aggression in Ukraine could impact the Group's results of operations.

### **Presentation of Financial Information**

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

#### ***Interest income and expenses***

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

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

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

In the case of financial assets for which a Stage 3 (see Note 2.5.5.5 *Impairment* to the 2022 Consolidated Financial Statements) allowance for expected credit losses was recognised, the item includes an impairment interest adjustment.

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

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

#### ***Fee and commission income and expenses***

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

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

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

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

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

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

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

#### ***Net gains (losses) on investments in financial assets***

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

#### ***Net gains (losses) on derecognition***

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

#### ***Other operating income and expenses***

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

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

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

### ***General administrative expenses***

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

### ***Net impairment losses and provisions***

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

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

### ***Share of profit or loss of associates***

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

## **Group's Results of Operations**

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

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Continuing operations</b>			
Interest income .....	10,006	1,461	1,512
Interest income calculated with the use of the effective interest rate method.....	9,208	1,368	1,386
Income of similar nature to interest income on instruments at fair value through profit or loss .....	798	93	126
Interest expense .....	(7,041)	(428)	(557)
<b>Net interest income .....</b>	<b>2,965</b>	<b>1,033</b>	<b>955</b>
Fee and commission income.....	335	311	261
Fee and commission expense.....	(18)	(16)	(13)
<b>Net fee and commission income.....</b>	<b>317</b>	<b>295</b>	<b>248</b>
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses) .....	210	169	115
Net gains (losses) on investments in financial assets.....	55	49	(10)
Net gains(losses) on derecognition of financial assets.....	157	19	151
Other operating income .....	15	332	139
Other operating expenses.....	(92)	(72)	(117)
General administrative expenses .....	(685)	(652)	(624)
Net impairment losses and provisions .....	(301)	(332)	(385)



	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Operating result</b> .....	<b>2,641</b>	<b>841</b>	<b>472</b>
Share of profit or loss of associates .....	32	253	(25)
<b>Profit before tax</b> .....	<b>2,673</b>	<b>1,094</b>	<b>447</b>
Income tax .....	(511)	(219)	(80)
<b>Net profit</b> .....	<b>2,162</b>	<b>875</b>	<b>367</b>
<b>Net profit attributable to the owner of the parent entity</b> .....	<b>2,162</b>	<b>875</b>	<b>367</b>
<b>Net profit/loss attributable to non-controlling interests</b> .....	-	-	<b>(1)</b>

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements

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

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

The tables below show certain segment information for the years ended 31 December 2022, 2021, and 2020. For a more detailed description of how the segment information has been prepared, see Note 3 to the 2022 Consolidated Financial Statements.

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

Information on operating segments for the year ended 31 December 2022	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate (audited)	Other activities	Total
	(PLN million)				
Net interest income .....	(131)	1,350	1,602	144	2,965
Net external interest income/expense .....	4,730	(1,682)	298	(381)	2,965
Net internal interest income/expense .....	(4,861)	3,032	1,304	525	-
Net fee and commission income/expense .....	(3)	131	189	-	317
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets....	115	205	127	(25)	422
<b>Income from banking activities ..</b>	<b>(19)</b>	<b>1,686</b>	<b>1,918</b>	<b>119</b>	<b>3,704</b>
Other operating income and expenses.....	-	-	3	(80)	(77)
General administrative expenses ...	(54)	(319)	(268)	(44)	(685)
Net impairment losses and provisions .....	-	(94)	(178)	(29)	(301)
<b>Operating result.....</b>	<b>(73)</b>	<b>1,273</b>	<b>1,475</b>	<b>(34)</b>	<b>2,641</b>
Share of profit or loss of associates .....	-	-	-	32	32
<b>Profit before tax.....</b>	<b>(73)</b>	<b>1,273</b>	<b>1,475</b>	<b>(2)</b>	<b>2,673</b>
Income tax .....					(511)
<b>Net profit .....</b>					<b>2,162</b>

Source: 2022 Consolidated Financial Statements

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

Information on operating segments for the year ended 31 December 2021	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate (audited)	Other activities	Total
	(PLN million)				
Net interest income .....	201	236	560	36	1,033
Net external interest income/expense .....	316	121	576	20	1,033
Net internal interest income/expense .....	(115)	115	(16)	16	-
Net fee and commission income/expense .....	(2)	133	169	(5)	295
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets....	(71)	67	23	218	237
<b>Income from banking activities ..</b>	<b>128</b>	<b>436</b>	<b>752</b>	<b>249</b>	<b>1,565</b>
Other operating income and expenses.....	-	-	-	260	260

Information on operating segments for the year ended 31 December 2021	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate	Other activities	Total
			(audited)		
			(PLN million)		
General administrative expenses ...	(42)	(260)	(207)	(143)	(652)
Net impairment losses and provisions .....	-	64	(344)	(52)	(332)
<b>Operating result.....</b>	<b>86</b>	<b>240</b>	<b>201</b>	<b>314</b>	<b>841</b>
Share of profit or loss of associates .....	-	-	-	253	253
<b>Profit before tax.....</b>	<b>86</b>	<b>240</b>	<b>201</b>	<b>567</b>	<b>1,094</b>
Income tax .....					(219)
<b>Net profit .....</b>					<b>875</b>

Source: 2021 Consolidated Financial Statements

Information on operating segments for the year ended 31 December 2020:

Information on operating segments for the year ended 31 December 2020	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate	Other activities	Total
			(audited)		
			(PLN million)		
Net interest income .....	256	146	507	45	955
Net external interest income/expense .....	246	101	589	18	955
Net internal interest income/expense .....	11	45	(82)	26	0
Net fee and commission income/expense .....	(1)	88	167	(6)	248
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets....	197	39	(29)	49	257
<b>Income from banking activities ..</b>	<b>452</b>	<b>273</b>	<b>646</b>	<b>88</b>	<b>1,459</b>
Other operating income and expenses.....	-	(1)	-	22	21
General administrative expenses ...	(38)	(230)	(219)	(138)	(624)
Net impairment losses and provisions .....	2	26	(359)	(53)	(385)
<b>Operating result.....</b>	<b>417</b>	<b>67</b>	<b>68</b>	<b>(80)</b>	<b>472</b>
Share of profit or loss of associates .....	-	-	-	(25)	(25)
<b>Profit before tax.....</b>	<b>417</b>	<b>67</b>	<b>68</b>	<b>(105)</b>	<b>447</b>
Income tax .....					(80)
<b>Net profit .....</b>					<b>367</b>

Source: 2020 Consolidated Financial Statements

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

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

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

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

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

The Group's total operating result for the year ended 31 December 2021 amounted to PLN 841 million and was PLN 369 million, i.e. 78.2 per cent., higher compared to the year ended 31 December 2020. The change was mainly attributable to increase of the operating result in public sector, corporate and other activities segments which were partially set off by decrease in the result of treasury and asset-liability management segment.

The treasury and asset-liability management segment's operating result for the year ended 31 December 2021, amounted to PLN 86 million and was PLN 331 million, i.e. 79.4 per cent., lower compared to the year ended 31 December 2020. The change was mainly attributable to PLN 115 million net internal interest expense for the year ended 31 December 2021 as compared to net internal interest income of PLN 11 million for the year ended 31 December 2020, and PLN 268 million decrease in net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets. The interest income and expense were lower in 2021 than in 2022 due to lower average interest rates.

The public sector segment's operating result for the year ended 31 December 2021 amounted to PLN 240 million and it was PLN 173 million, i.e. 258.2 per cent. higher as compared to the year ended 31 December 2020. The change was mainly attributable to the increases in net internal interest income and net fee and commission income caused by higher interest rates.

The corporate segment's operating result for the year ended 31 December 2021 amounted to PLN 201 million and it was PLN 133 million, i.e. 195.6 per cent. higher as compared to the year ended 31 December 2020. The change was mainly attributable to higher net internal interest expense in the year ended 31 December 2021 caused by higher interest rates.

The other activities segment's operating result for the year ended 31 December 2021, amounted to PLN 314 million and was PLN 394 million higher compared to the year ended 31 December 2020. The change was mainly attributable to higher other operating income for the year ended 31 December 2021 due to higher valuation of capital investment portfolio and disinvestment of the portfolio of housing funds.

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

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

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

Source: 2022 Consolidated Financial Statements

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

#### ***Net interest income***

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

#### ***Net fee and commission income***

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

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

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

#### ***Net gains (losses) on investments in financial assets***

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

### ***Net gains (losses) on derecognition of financial assets***

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

### ***Other operating income***

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

### ***Other operating expenses***

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

### ***General administrative expenses***

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

### ***Net impairment losses and provisions***

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

### ***Share of profit or loss of associates***

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

### **Year ended 31 December 2021, as compared to the year ended 31 December 2020**

The following table sets forth our results of operations for the year ended 31 December 2021, and 2020.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>	
	<i>(PLN million)</i>	
Net interest income.....	1,033	955
Net fee and commission income.....	295	248
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses) .....	169	115
Net gains (losses) on investments in financial assets.....	49	(10)

Net gains (losses) on derecognition of financial assets.....	19	151
<b>Income from banking activities .....</b>	<b>1,565</b>	<b>1,459</b>
Other operating income and expenses .....	260	21
General administrative expenses .....	(652)	(624)
Net impairment losses and provisions .....	(332)	(385)
<b>Operating result.....</b>	<b>841</b>	<b>472</b>
Share or profit or loss of associates	253	(25)
<b>Profit before tax .....</b>	<b>1,094</b>	<b>447</b>
Income tax .....	(219)	(80)
<b>Net profit .....</b>	<b>875</b>	<b>367</b>

Source: 2021 Consolidated Financial Statements

The Group's net profit for 2021 amounted to PLN 875 million and it was PLN 508 million higher as compared to 2020. Improved performance was mainly attributable to the PLN 369 million increase in the Group's operating result and the PLN 278 million increase in share of profit and loss of associates resulting from the sale of certificates in investment funds.

### ***Net interest income***

Net interest income for 2021 amounted to PLN 1,033 million, an increase of PLN 78 million, or 8.2 per cent., from PLN 955 million for 2020. The increase was driven mainly by improved performance of BGK.

### ***Net fee and commission income***

Net fee and commission income for 2021 amounted to PLN 295 million, an increase of PLN 47 million, or 19.0 per cent., from PLN 248 million for 2020. The increase was driven mainly by improved performance of BGK.

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

In 2021, the Group's net gains on financial instruments at fair value through profit or loss and foreign exchange gains (losses) amounted to PLN 169 million, an increase of PLN 54 million, or 47 per cent., from PLN 115 million for 2020. The increase was driven mainly by the gains on financial instruments measured at fair value through profit or loss related to investments in Marguerite funds and the Polish Growth Fund of Funds.

### ***Net gains (losses) on investments in financial assets***

In 2021, the Group's net gains on investments in financial assets amounted to PLN 49 million, an increase of PLN 59 million from a loss of PLN 10 million in 2020. The increase was driven mainly by dividends received.

### ***Net gains (losses) on derecognition of financial assets***

In 2021, the Group's net gains on derecognition of financial assets amounted to PLN 19 million, a decrease of PLN 132 million, or 87.4 per cent., from PLN 151 million for 2020. The decrease was driven mainly by lower gains on sale of debt instruments recognized at fair value through other comprehensive income.

### ***Other operating income***

Other operating income for 2021 amounted to PLN 332 million, a decrease of PLN 193 million from PLN 139 million for 2020. The change was mainly driven by recognition of change in fair value measurement of investment property in 2021 as compared to 2020.

### ***Other operating expenses***

Other operating expenses for 2021 amounted to PLN 72 million, a decrease of PLN 45 million from PLN 117 million for 2020. The change was mainly driven by the decreased cost of donations.

### ***General administrative expenses***

General administrative expenses for 2021 amounted to PLN 652 million, an increase of PLN 28 million, or 4.5 per cent., from PLN 624 million for 2020. The increase was mainly driven by the continuing investment in technical infrastructure from the Bank and higher lease payments in accordance with the recognition requirements of IFRS 16, due to the lease of temporary office space.

### ***Net impairment losses and provisions***

Net impairment losses and provisions for 2021 amounted to PLN 332 million, a decrease of PLN 53 million, or 13.8 per cent., from PLN 385 million for 2020. The decrease was mainly driven by the recognition of an impairment loss on Fundusz Inwestycji Polskich Przedsiębiorstw FIZ AN in view of the long-term decline in the value of part of investments included in the Fund's portfolio.

### ***Share of profit or loss of associates***

Share of profit or loss of associates for 2021 amounted to PLN 253 million, an increase of PLN 278 million, from a loss PLN 25.0 million for 2020. The increase was mainly driven by positive valuation of certificates in Fundusz Inwestycji Infrastrukturalnych Kapitałowy FIZ AN and associates controlled by Fundusz Ekspansji Zagranicznej.

### **Cash Flow**

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

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Net cash from operating activities</b> .....	<b>(40,211)</b>	<b>15,336</b>	<b>11,281</b>
<b>Net cash from investing activities</b> .....	<b>546</b>	<b>2,057</b>	<b>(931)</b>
<b>Net cash from financing activities</b> .....	<b>(387)</b>	<b>(1,535)</b>	<b>(2,510)</b>
<b>Net cash flows</b> .....	<b>(40,052)</b>	<b>15,858</b>	<b>7,840</b>
<b>Cash and cash equivalents at the beginning of the period ...</b>	<b>52,829</b>	<b>36,971</b>	<b>29,131</b>
<b>Cash and cash equivalents at the end of the period</b> .....	<b>12,777</b>	<b>52,829</b>	<b>36,971</b>

*Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements*

### ***Net Cash Flows from Operating Activities***

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

Net cash inflow from operating activities for the year ended 31 December 2021 amounted to PLN 15,336 million, a change of PLN 4,055 million as compared to cash inflow of PLN 11,281 million for the year ended 31 December 2020. This change was mainly due to the PLN 17,134 million



change in securities in 2021 compared to the PLN 43,731 million change in 2020, which was mainly driven by the change in securities measured at fair value through other comprehensive income.

#### ***Net Cash Flows from Investing Activities***

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

Net cash inflow from investing activities for the year ended 31 December 2021 was PLN 2,057 million as compared to net cash outflow of PLN 931 million for the year ended 31 December 2020. This change was mainly due to a sale of shares in subsidiaries of PLN 2,244 million that was recognized in 2021.

#### ***Net Cash Flows from Financing Activities***

Net cash outflow from financing activities for the year ended 31 December 2022 was PLN 387 million as compared to net cash outflow of PLN 1.535 million for the year ended 31 December 2021. This change was mainly due to the redemption of issued debt securities in 2021.

Net cash outflow from financing activities for the year ended 31 December 2021 was PLN 1.535 million as compared to net cash outflow of PLN 2,510 million for the year ended 31 December 2020. This change was mainly due to higher value of redeemed debt securities in 2020 as compared to 2021.

#### **Group's Statement of financial position**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Assets</b>			
Cash and balances with the Central Bank.....	3,300	48,342	32,262
Amounts due from banks.....	9,931	5,088	5,606
Derivative financial instruments.....	1,587	468	997
Hedging derivatives.....	10	-	-
Securities.....	137,259	93,975	76,902
held for trading.....	6	9	20
not held for trading measured at fair value through profit or loss.....	718	753	881
measured at fair value through other comprehensive income.....	48,660	66,693	55,769
measured at amortised cost.....	87,875	26,520	20,232
Reverse repurchase agreements.....	12,741	10,003	4,207
Loans and advances to customers.....	37,072	33,263	33,452
measured at amortised cost.....	36,975	33,178	33,349
obligatorily measured at fair value through profit or loss.....	97	85	102
Investments in associates.....	4,327	4,818	4,379
Intangible assets.....	116	80	69
Property, plant and equipment.....	119	126	130
Right-of-use assets.....	86	105	105
Investment property.....	16	19	1,711
Current tax receivables.....	-	18	1
Deferred tax assets.....	373	276	325
Other assets.....	84	63	179
<b>Total assets.....</b>	<b>207,021</b>	<b>196,644</b>	<b>160,326</b>
<b>Liabilities</b>			
Amounts due to banks.....	4,531	3,576	3,908
Derivative financial instruments.....	1,359	895	1,325
Liabilities to customers.....	153,816	150,804	116,138
Repurchase agreements.....	6,574	10,454	5,818

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
		<i>(audited)</i>	
		<i>(PLN million)</i>	
Debt securities issued .....	3,934	3,860	4,859
Lease liabilities .....	88	113	113
Other liabilities .....	4,924	1,461	3,642
Current tax liabilities .....	364	-	47
Deferred tax liabilities .....	-	-	31
Provisions .....	743	759	520
<b>Total liabilities .....</b>	<b>176,333</b>	<b>171,922</b>	<b>136,402</b>
<b>Equity</b>			
Statutory capital .....	26,879	21,982	21,692
Supplementary capital .....	1,608	1,553	1,570
Revaluation reserve .....	(400)	52	104
Other capital reserves .....	232	232	232
Retained earnings (accumulated loss).....	207	28	(66)
Net profit (loss) for the current year .....	2,162	875	367
<b>Equity attributable to the owner of the parent entity.....</b>	<b>30,688</b>	<b>24,722</b>	<b>23,900</b>
<b>Non-controlling interests.....</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Total equity .....</b>	<b>30,688</b>	<b>24,722</b>	<b>23,924</b>
<b>Total liabilities and equity.....</b>	<b>207,021</b>	<b>196,644</b>	<b>160,326</b>

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements

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

### Assets

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

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

As of 31 December 2022, the carrying value of loans and advances to customers (representing 18 per cent. of assets at 31 December 2022) amounted to PLN 37,072 million and was PLN 3,809 million, i.e. 11.5 per cent. higher than as of 31 December 2021. The change was a result of increase in loans and advances to customers in the non -financial sector.

### Liabilities

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

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

Liabilities under repurchase agreements decreased by PLN 3,880 million, or 37 per cent., from PLN 10,454 million at 31 December 2021 to PLN 6,574 million at 31 December 2022, due to lower activity of BGK in the repo market.

### **Year ended 31 December 2021, as compared to the year ended 31 December 2020**

#### **Assets**

Total assets increased by PLN 36,318 million, or 22.7 per cent., from PLN 160,326 million as of 31 December 2020, to PLN 196,644 million as of 31 December 2021. The increase was driven mainly by (i) PLN 16,080 million increase in the cash and balances with the central bank and (ii) PLN 17,073 million increase in the value of securities held due to an increase in securities measured at fair value through other comprehensive income. Moreover, a PLN 5,796 million increase in the receivables under reverse purchase agreements was related to the increased activity of BGK in the repo market as at 31 December 2021 compared to 31 December 2020.

As of 31 December 2021 the carrying value of securities (representing 47.8 per cent. of assets at 31 December 2021) amounted to PLN 93,975 million and was PLN 17,073 million, i.e. 22.2 per cent. higher than as of 31 December 2020. The change was mainly a result of an increase in the NBP money bills held by BGK.

As of 31 December 2021, the carrying value of loans and advances to customers (representing 16.9 per cent. of assets at 31 December 2021) amounted to PLN 33,263 million and was PLN 189 million, i.e. 0.6 per cent. lower than as of 31 December 2020.

#### **Liabilities**

Liabilities increased by PLN 35,520 million, or 26.0 per cent., from PLN 136,402 million as of 31 December 2020, to PLN 171,921 million as of 31 December 2021. The increase was mainly driven by a PLN 34,666 million increase in liabilities to customers, which related mostly to increase in current accounts and overnight deposits of public sector entities.

As of 31 December 2021 liabilities consisted primarily of the liabilities to customers (representing 87.7 per cent. of liabilities at 31 December 2021), the carrying value of which amounted to PLN 150,804 million, i.e. 29.8 per cent. higher than as of 31 December 2021. The change was a result of development of BGK's activities.

#### **Capital Expenditures**

Capital expenditures for the years ended 31 December 2022, 2021 and 2020 were PLN 67 million, PLN 40 million and PLN 111 million, respectively.

Capital expenditures in 2022 and 2021 primarily related to information technology expenses. In 2020, the amount primarily corresponded to the nominal value of the lease contract for BGK's temporary headquarters in Varso 2.

#### **Amounts due to banks**

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

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Amounts due to banks</b>			
Current accounts .....	59	259	69
Deposits in banks .....	458	313	515

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
Loans and advances received, including	2,734	2,807	3,264
<i>European Investment Bank</i> .....	2,066	2,346	2,691
<i>Council of Europe Development Bank</i> .....	417	264	310
<i>KfW</i> .....	251	197	264
Liabilities under cash collateral	1,278	195	57
Other .....	2	2	3
<b>Total</b> .....	<b>4,531</b>	<b>3,576</b>	<b>3,908</b>

Source: BGK, Consolidated Financial Statements

## Debt securities issued

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

<b>Issuer</b>	<b>Status</b>	<b>Currency</b>	<b>Principal amount</b> <i>(PLN million)</i>	<b>Interest rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Listing</b>
BGK	Senior	PLN	1,850	WIBOR6M + 0.40 per cent.	28 October 2019	28 October 2023	Warsaw Stock Exchange

Source: BGK

## Cash flow funds liabilities

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

Cash flow funds deal with 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 financial statements because under the Polish Accounting Act and IFRS they cannot be treated as BGK's assets and liabilities. Therefore, liabilities incurred for the purposes of cash flow funds, including Guaranteed Notes issued for the purposes of cash flow funds are not disclosed in BGK's balance sheet.

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

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

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

Detailed information on the financial position and profit and loss of cash-flow funds for each financial year, which has not been reviewed or audited by an independent auditor, is available in the statements of funds established under separate legislation, which is included in the 2022 Standalone Financial

Statements, 2021 Standalone Financial Statements and 2020 Standalone Financial Statements incorporated by reference in this Offering Circular.

For a further description of the accounting treatment of cash flow funds see Note 2.5.1 *Presentation of the Statement of Financial Position and the Statement of Profit or Loss of the Parent Entity to 2022 Consolidated Financial Statements*.

### Off-balance sheet liabilities granted and received

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

	As at 31 December		
	2022	2021	2020
	<i>(audited)</i>		
<i>(PLN million)</i>			
<b>Financial liabilities granted</b>			
<b>Credit lines and limits</b> .....	<b>77,314</b>	<b>55,048</b>	<b>51,896</b>
- to financial institutions .....	5,028	1,015	806
- to non-financial institutions .....	22,468	14,948	11,522
- to public sector entities .....	49,818	39,085	39,568
<b>Other liabilities</b> .....	<b>389</b>	<b>246</b>	<b>829</b>
<b>Certificates, future contribution commitment</b> .....	<b>3,160</b>	<b>2,463</b>	<b>3,015</b>
<b>Total</b> .....	<b>80,863</b>	<b>57,757</b>	<b>55,741</b>

Source: Consolidated Financial Statements

As at 31 December 2022 and 31 December 2021, Fundusz Ekspansji Zagranicznej FIZ AN – and as at 31 December 2020 Fundusz Ekspansji Zagranicznej AN, Fundusz Sektora Mieszkań dla Rozwoju FIZ AN and Fundusz Sektora Mieszkań na Wynajem Fundusz Inwestycyjny FIZ AN – did not carry any contingent liabilities under executed investment agreements.

In June 2022, some of the investment certificates in PFR Fundusz Inwestycyjny FIZ AN held by BGK were redeemed. The historical purchase price of such certificates amounted to PLN 1,288 million, while the redemption price based on fair value amounted to PLN 1,200 million. Moreover, at the time of redemption, off-balance sheet liability of BGK was created concerning the payment of PLN 1,200 million to PFR Fundusz Inwestycyjny FIZ AN by the end of the investment period, i.e. 2025.

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

	As at 31 December		
	2022	2021	2020
	<i>(audited)</i>		
<i>(PLN million)</i>			
<b>Guarantee liabilities granted</b>			
<b>Guarantees and sureties</b> .....	<b>27,936</b>	<b>18,187</b>	<b>18,040</b>
- to financial institutions .....	8,038	2,020	1,346
- to non-financial institutions .....	19,490	15,851	16,434
- to public sector entities .....	408	316	261
<b>Letters of credit granted</b> .....	<b>2</b>	<b>46</b>	<b>17</b>
- to financial institutions .....	2	46	17
<b>Total</b> .....	<b>27,938</b>	<b>18,233</b>	<b>18,058</b>

Source: Consolidated Financial Statements

	As at 31 December		
	2022	2021	2020
	<i>(audited)</i>		
<i>(PLN million)</i>			
<b>Off-balance-sheet liabilities received</b>			
Financial .....	13,037	13,359	11,236
Guarantee .....	27,256	9,761	9,387

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(audited)</i>		
	<i>(PLN million)</i>		
<b>Total</b> .....	<b>40,293</b>	<b>23,120</b>	<b>20,623</b>

Source: Consolidated Financial Statements

### **Critical accounting policies**

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

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

The Group's significant accounting principles are set out in Note 2 *Accounting Policies* to the 2022 Consolidated Financial Statements incorporated by reference elsewhere in this Offering Circular.

## SELECTED STATISTICAL AND OTHER INFORMATION

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

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

### **Interest-earning assets and interest-bearing liabilities**

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

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

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

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

In 2021, BGK's net interest income totalled PLN 1,022 million and grew by PLN 74 million, i.e. 7.8 per cent. as compared to the previous year. The increase in net interest income was primarily attributable to a significant rise in interest-earning assets.

In 2021, the average level of BGK's interest-earning assets was PLN 184.7 billion, having increased by PLN 42.2 billion, or 29.6 per cent., year on year.

In 2021, the average interest rate on BGK's portfolio of loans and advances to customers was 1.90 per cent., compared with 2.27 per cent. for 2020.

In 2021, the average balance of BGK's interest-bearing liabilities was PLN 165.1 billion, up by PLN 42.7 billion, i.e. 34.9 per cent. in relation to the previous year.

Customer deposits represented the largest item of BGK's interest-bearing liabilities. In 2021, BGK's average balance of customer deposits was PLN 154.2 billion, up by PLN 42.8 billion, i.e. 38.4 per cent. as compared to the previous year. In 2021, the average cost of deposits was 0.23 per cent. as compared to 0.38 per cent. in 2021.

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

Item	Year ended		
	31 December 2022	31 December 2021	31 December 2020
		(unaudited)	
Average level of interest-earning assets (in PLN billion).....	184.1	184.7	142.5
Average interest on loans and advances to customers.....	5.5%	1.79%	2.27%
Average level of interest-bearing liabilities (in PLN billion).....	159.3	165.1	122.4
Average interest on deposits.....	4.39%	0.23%	0.38%

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

### Capital adequacy

A detailed description of BGK's capital ratios is included in Note 50 (*Capital adequacy*) to the 2022 Consolidated Financial Statements.

Under Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, 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 2022	as at 31 December 2021 <sup>1</sup>	as at 31 December 2020 <sup>2</sup>
		(audited)	
CET1 capital ratio.....	28.91%	29.39%	33.86%
T1 capital ratio.....	28.91%	29.39%	33.86%
Total capital ratio.....	28.91%	29.39%	33.86%
Internal capital ratio.....	37.97%	38.37%	29.98%
Own funds (PLN million).....	27,997	24,381	23,778
Tier 1 capital (PLN million).....	27,997	24,381	23,778
CET 1 (PLN million).....	27,997	24,381	23,778
AT 1 (PLN million).....	-	-	-
Tier 2 capital (PLN million).....	-	-	-
Total capital requirement (PLN million).....	7,747	6,636	5,618
Internal capital (PLN million).....	10,630	9,355	7,128
Leverage ratio.....	4.98%	5.27%	6.72%

Source: Consolidated Financial Statements

<sup>1</sup> Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

<sup>2</sup> Information as at 31 December 2020 based on the restated values included in 2021 Consolidated Financial Statements.

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

Item	as at 31 December 2022	as at 31 December 2021 <sup>1</sup>	as at 31 December 2020 <sup>2</sup>
		(audited)	
CET1 capital ratio.....	29.07%	29.52%	33.88%
T1 capital ratio.....	29.07%	29.52%	33.88%
Total capital ratio.....	29.07%	29.52%	33.88%
Internal capital ratio.....	35.62%	36.37%	29.96%
Own funds (PLN million).....	27,997	24,381	23,778
Tier 1 capital (PLN million).....	27,997	24,381	23,778



Item	as at 31 December 2022	as at 31 December 2021 <sup>1</sup>	as at 31 December 2020 <sup>2</sup>
		(audited)	
CET 1 (PLN million).....	27,997	24,381	23,778
AT 1 (PLN million).....	-	-	-
Tier 2 capital (PLN million).....	-	-	-
Total capital requirement (PLN million).....	7,704	6,607	5,615
Internal capital (PLN million).....	9,973	8,868	7,125
Leverage ratio.....	10.51%	11.13%	12.90%

Source: Consolidated Financial Statements

<sup>1</sup> Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

<sup>2</sup> Information as at 31 December 2020 based on the restated values included in 2021 Consolidated Financial Statements.

## Loan portfolio

The key ratios concerning the quality of BGK's loans for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 are included in the table below:

Item	Year ended 31 December		
	2022	2021	2020
	(unaudited)		
	(PLN million)		
Allowances for loan losses in total loan portfolio ...	4.4%	4.0%	3.9%
Non-accrual loans (non-payment exceeding 90 days) in total loan portfolio.....	1.8%	1.3%	1.5%
Allowances for loan losses on non-accrual loans ....	26.4%	27.8%	31.9%
Average allowance on average loan (PLN) <sup>1</sup> .....	200,937	158,155	181,100

Source: BGK

<sup>1</sup> Value of write-downs divided by the number of exposures included in gross "Loans and advances to customers".

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2022.

Loans and advances to customers at amortised cost	31 December 2022		
	Gross loans	Impairment allowances	Net loans
	(audited)		
	(PLN million)		
<b>Loans and advances to customers, including:</b> .....	<b>38,697</b>	<b>1,722</b>	<b>36,975</b>
<b>financial sector</b> .....	<b>3,107</b>	<b>35</b>	<b>3,072</b>
loans and advances.....	3,093	35	3,058
guarantees and sureties.....	1	-	1
other receivables.....	13	-	13
<b>non-financial sector</b> .....	<b>26,814</b>	<b>1,612</b>	<b>25,202</b>
loans and advances.....	25,887	1,210	24,677
purchased debt.....	267	4	263
guarantees and sureties.....	660	398	262
<b>public sector</b> .....	<b>8,776</b>	<b>75</b>	<b>8,701</b>
loans and advances.....	8,681	73	8,608
purchased debt.....	95	2	93

Source: 2022 Consolidated Financial Statements

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2021.

<b>31 December 2021</b>			
<b>Loans and advances to customers at amortised cost</b>	<b>Gross loans</b>	<b>Impairment allowances</b>	<b>Net loans</b>
		<i>(audited)</i>	
		<i>(PLN million)</i>	
<b>Loans and advances to customers, including:.....</b>	<b>34,575</b>	<b>1,397</b>	<b>33,178</b>
<b>financial sector .....</b>	<b>2,237</b>	<b>23</b>	<b>2,214</b>
loans and advances .....	2,223	23	2,200
guarantees and sureties .....	1	-	1
other receivables .....	13	-	13
<b>non-financial sector .....</b>	<b>23,119</b>	<b>1,266</b>	<b>21,853</b>
loans and advances .....	22,376	987	21,389
purchased debt .....	245	1	244
guarantees and sureties .....	498	278	220
<b>public sector .....</b>	<b>9,219</b>	<b>108</b>	<b>9,111</b>
loans and advances .....	9,100	104	8,996
purchased debt .....	119	4	115

Source: 2021 Consolidated Financial Statements

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2020.

<b>31 December 2020</b>			
<b>Loans and advances to customers at amortised cost</b>	<b>Gross loans</b>	<b>Impairment allowances</b>	<b>Net loans</b>
		<i>(audited)</i>	
		<i>(PLN million)</i>	
<b>Loans and advances to customers, including:.....</b>	<b>34,704</b>	<b>1,354</b>	<b>33,349</b>
<b>financial sector .....</b>	<b>1,712</b>	<b>18</b>	<b>1,694</b>
loans and advances .....	1,543	18	1,526
guarantees and sureties .....	-	-	-
other receivables .....	168	-	168
<b>non-financial sector .....</b>	<b>23,682</b>	<b>1,203</b>	<b>22,480</b>
loans and advances .....	23,110	1,009	22,100
purchased debt .....	258	-	258
guarantees and sureties .....	315	193	121
other receivables .....	-	-	-
<b>public sector .....</b>	<b>9,310</b>	<b>134</b>	<b>9,176</b>
loans and advances .....	9,173	131	9,042
purchased debt .....	133	3	130
other receivables .....	4	-	4

Source: 2020 Consolidated Financial Statements

The table below presents the change in the gross carrying amount and impairment allowances on loans and advances to customers at amortised cost as at 31 December 2022 and 31 December 2021.

<b>Loans and advances to customers at amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3 (NPL) (audited)</b>	<b>POCI (NPL)</b>	<b>Total</b>
	<i>(PLN million)</i>				
<b>Gross carrying amount as at 31 December 2021</b> .....	<b>27,716</b>	<b>4,012</b>	<b>2,819</b>	<b>28</b>	<b>34,575</b>
Transfer to Stage 1 .....	949	(812)	(137)	-	-
Transfer to Stage 2 .....	(2,726)	2,726	-	-	-
Transfer to Stage 3 .....	(260)	(745)	978	27	-
New/purchased/granted financial assets .....	22,343	1,141	610	444	24,538
Derecognition of financial assets .....	(5,474)	(713)	(181)	-	(6,368)
Financial assets that have been written off in the statement of financial position .....	-	-	(15)	-	(15)
Other changes (including partial repayments and disbursements of further tranches) .....	(12,678)	(937)	(396)	(22)	(14,033)
<b>Gross carrying amount as at 31 December 2022</b> .....	<b>29,870</b>	<b>4,672</b>	<b>3,678</b>	<b>477</b>	<b>38,697</b>
<b>Impairment allowance</b>					
<b>Impairment allowances as at December 31, 2021</b> .....	<b>257</b>	<b>116</b>	<b>1,023</b>	<b>1</b>	<b>1,397</b>
Transfer to Stage 1 .....	51	(17)	(34)	-	-
Transfer to Stage 2 .....	(31)	31	-	-	-
Transfer to Stage 3 .....	(4)	(14)	18	-	-
New/purchased/granted financial assets .....	90	-	44	-	134
Derecognition of financial assets .....	(18)	(116)	(63)	-	(197)
Financial assets that have been written off in the statement of financial position .....	-	-	(13)	-	(13)
Changes in credit risk level (excluding transfers between stages) .....	(83)	155	326	(8)	390
Other changes (foreign exchange gains (losses)) .....	4	1	6	-	11
<b>Impairment allowances as at 31 December 2022</b> .....	<b>266</b>	<b>156</b>	<b>1,307</b>	<b>(7)</b>	<b>1,722</b>

Source: 2022 Consolidated Financial Statements

The table below presents the change in the gross carrying amount and impairment allowances on loans and advances to customers at amortised cost as at 31 December 2021 and 31 December 2020.

<b>Loans and advances to customers at amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3 (NPL)</b>	<b>POCI (NPL)</b>	<b>Total</b>
			<i>(audited)</i>		
			<i>(PLN million)</i>		
<b>Gross carrying amount as at 31 December 2020</b> .....	<b>28,496</b>	<b>3,827</b>	<b>2,353</b>	<b>28</b>	<b>34,703</b>
Transfer to Stage 1.....	727	(702)	(25)	-	-
Transfer to Stage 2.....	(2,051)	2,052	(1)	-	-
Transfer to Stage 3.....	(73)	(566)	639	-	-
New/purchased/granted financial assets.....	11,901	734	380	7	13,022
Derecognition of financial assets...	(2,605)	(280)	(194)	(7)	(3,086)
Financial assets that have been written off in the statement of financial position .....	-	-	(25)	-	(25)
Other changes (including partial repayments and disbursements of further tranches).....	(8,678)	(1,053)	(308)	-	(10,039)
<b>Gross carrying amount as at 31 December 2021</b> .....	<b>27,716</b>	<b>4,012</b>	<b>2,819</b>	<b>28</b>	<b>34,575</b>
<b>Impairment allowance</b>					
<b>Impairment allowances as at December 31, 2020</b> .....	<b>202</b>	<b>145</b>	<b>1,007</b>	<b>1</b>	<b>1,355</b>
Transfer to Stage 1.....	14	(11)	(3)	-	-
Transfer to Stage 2.....	(16)	16	-	-	-
Transfer to Stage 3.....	(2)	(21)	23	-	-
New/purchased/granted financial assets.....	10	0	63	-	73
Derecognition of financial assets...	(8)	(4)	(26)	-	(38)
Financial assets that have been written off in the statement of financial position .....	-	-	(81)	-	(81)
Changes in credit risk level (excluding transfers between stages).....	51	(9)	35	-	77
Other changes (foreign exchange gains (losses)).....	6	-	5	-	11
<b>Impairment allowances as at 31 December 2021</b> .....	<b>257</b>	<b>116</b>	<b>1,023</b>	<b>1</b>	<b>1,397</b>

Source: 2021 Consolidated Financial Statements

## Liquidity gap and sources of funding

### Liquidity gap

The Group's market-based liquidity gap is presented below. In particular, the following are adjusted to their market values: deposit values (on the basis of estimated core deposits), liquid securities (presented in recovery values achievable in specific time periods), and financial and guarantee off-balance-sheet liabilities granted (in the scope of estimated amounts and deadlines).

<b>The Group's market-based liquidity gap</b>	<b>up to 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months – 1 year</b>	<b>1-5 years</b>	<b>more than 5 years</b>
			<i>(audited)</i>			
			<i>(PLN million)</i>			
<b>As at 31 December 2022</b>						
Gap.....	46,714	(11,013)	(4,212)	(7,283)	(24,819)	(27,823)
Aggregate gap.....	<b>46,714</b>	<b>35,701</b>	<b>31,489</b>	<b>24,206</b>	<b>(613)</b>	<b>(28,436)</b>

The Group's market-based liquidity gap	up to 1 month	1-3 months	3-6 months	6 months –		more than 5 years
				1 year	1-5 years	
<i>(audited)</i>						
<i>(PLN million)</i>						
<b>As at 31 December 2021</b>						
Gap .....	54,078	(10,014)	(4,440)	(2,898)	(33,167)	(20,563)
Aggregate gap .....	54,078	44,064	39,624	36,726	3,559	(17,004)
<b>As at 31 December 2020</b>						
Gap .....	44,355	(5,485)	(1,567)	(237)	(46,264)	(4,445)
Aggregate gap .....	44,355	38,870	37,303	37,066	(9,199)	(13,644)

Source: Consolidated Financial Statements

### Sources of funding

The Group has diversified sources of funding, including deposits from customers, funds from issues of own bonds, and loans granted by international financial institutions.

The liability structure by contractual maturity is presented below. The amounts include cash flows from the principal amount and interest (if applicable) for the entire financing period. For off-balance-sheet liabilities, exposures are presented by contractual maturity.

Liabilities of the Group as at 31 December 2022	up to	1-3	3-6	6 months	1-5	more than	Total
	1 month	months	months	– 1 year	years	5 years	
<i>(audited)</i>							
<i>(PLN million)</i>							
<b>Balance sheet liabilities</b>							
Amounts due to banks.....	3,741	136	164	295	1,460	2,258	<b>8,054</b>
Liabilities to customers.....	151,010	5,238	1,880	380	32	-	<b>158,540</b>
Own issues.....	-	2,078	74	1,922	-	-	<b>4,074</b>
Lease liabilities.....	2	2	9	16	51	8	<b>88</b>
<b>Total.....</b>	<b>154,753</b>	<b>7,454</b>	<b>2,127</b>	<b>2,613</b>	<b>1,543</b>	<b>2,266</b>	<b>170,756</b>
<b>Off-balance-sheet liabilities granted</b>							
Financing commitments.....	66,874	94	888	559	7,560	4,888	<b>80,863</b>
Guarantee liabilities.....	3,435	2,025	3,098	6,344	10,263	2,773	<b>27,938</b>
<b>Total.....</b>	<b>70,309</b>	<b>2,119</b>	<b>3,986</b>	<b>6,903</b>	<b>17,823</b>	<b>7,661</b>	<b>108,801</b>

Source: 2022 Consolidated Financial Statements

Liabilities of the Group as at 31 December 2021	up to	1-3	3-6	6 months	1-5	more than	Total
	1 month	months	months	– 1 year	years	5 years	
<i>(audited)</i>							
<i>(PLN million)</i>							
<b>Balance sheet liabilities</b>							
Amounts due to banks.....	4,475	129	178	286	1,295	1,456	<b>7,819</b>
Liabilities to customers.....	137,714	10,870	1,875	639	20	-	<b>151,118</b>
Own issues.....	-	7	12	84	3,976	-	<b>4,079</b>
Lease liabilities.....	6	0	0	1	86	20	<b>113</b>
<b>Total.....</b>	<b>142,195</b>	<b>11,006</b>	<b>2,065</b>	<b>1,010</b>	<b>5,377</b>	<b>1,476</b>	<b>163,129</b>
<b>Off-balance-sheet liabilities granted</b>							
Financing commitments.....	46,411	101	206	547	7,123	3,436	<b>57,824</b>
Guarantee liabilities.....	5,573	1,416	601	3,706	5,967	970	<b>18,233</b>
<b>Total.....</b>	<b>51,984</b>	<b>1,517</b>	<b>807</b>	<b>4,253</b>	<b>13,090</b>	<b>4,406</b>	<b>76,057</b>

Source: 2021 Consolidated Financial Statements

Liabilities of the Group as at 31 December 2020	up to 1 month	1-3 months	3-6 months	6 months – 1 year	1-5 years	more than 5 years	Total
	(audited)						
	(PLN million)						
<b>Balance sheet liabilities</b>							
Amounts due to banks.....	4,074	234	141	249	1,463	1,473	7,633
Liabilities to customers.....	101,541	12,037	4,331	555	16	-	118,480
Own issues.....	501	7	8	514	3,901	-	4,931
Lease liabilities.....	-	5	5	14	81	9	113
<b>Total.....</b>	<b>106,116</b>	<b>12,284</b>	<b>4,484</b>	<b>1,331</b>	<b>5,460</b>	<b>1,482</b>	<b>131,157</b>
<b>Off-balance-sheet liabilities granted</b>							
Financing commitments.....	45,409	556	210	1,102	3,449	5,113	55,839
Guarantee liabilities.....	5,621	1,221	1,953	3,581	5,057	625	18,058
<b>Total.....</b>	<b>51,030</b>	<b>1,777</b>	<b>2,163</b>	<b>4,683</b>	<b>8,507</b>	<b>5,738</b>	<b>73,897</b>

Source: 2020 Consolidated Financial Statements

## Exposures

The table below presents the Group's exposure to the 20 largest non-bank customers:

No.	As at 31 December					
	2022		2021		2020	
	(audited)					
	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio
1.	9,810	19.6%	5,099	11.2%	3,638	8.0%
2.	8,291	16.5%	3,709	8.2%	3,592	7.9%
3.	3,514	7%	3,259	7.2%	2,957	6.5%
4.	3,081	6.1%	2,842	6.3%	2,862	6.3%
5.	3,001	6%	2,562	5.7%	2,369	5.2%
6.	2,842	5.7%	2,371	5.2%	2,258	5.0%
7.	2,485	5%	1,770	3.9%	1,683	3.7%
8.	2,383	4.8%	1,410	3.1%	1,567	3.4%
9.	1,530	3.1%	1,097	2.4%	1,321	2.9%
10.	1,321	2.6%	1,079	2.4%	1,104	2.4%
11.	1,081	2.2%	1,051	2.3%	1,050	2.3%
12.	1,050	2.1%	1,021	2.3%	1,004	2.2%
13.	1,000	2%	900	2.0%	987	2.2%
14.	953	1.9%	821	1.8%	753	1.7%
15.	946	1.9%	747	1.6%	635	1.4%
16.	869	1.7%	740	1.6%	563	1.2%
17.	790	1.6%	551	1.2%	548	1.2%
18.	789	1.6%	544	1.2%	531	1.2%
19.	750	1.5%	525	1.2%	500	1.1%
20.	745	1.5%	500	1.1%	475	1%
<b>Total</b>	<b>47,231</b>	<b>94.4%</b>	<b>32,598</b>	<b>71.9%</b>	<b>30,398</b>	<b>66.8%</b>

Source: Consolidated Financial Statements

\* Includes balance-sheet and off-balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees, debt securities, and derivative transaction limits. The amount of exposure is calculated for the purposes of external limits (large exposure concentration limits) without deductions. The data does not cover the exposure to the central government.

The table below present the Group's exposure to five largest non-bank groups:

As at 31 December						
2022		2021		2020		
(audited)						
No.	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio
1.	11,925	23,8%	6,437	14.2%	4,624	10.2%
2.	8,291	16,5%	5,404	11.9%	4,323	9.5%
3.	6,082	12,1%	4,258	9.4%	3,963	8.7%
4.	4,605	9,2%	3,795	8.4%	3,615	8.0%
5.	3,993	8%	3,259	7.2%	3,592	7.9%
<b>Total</b>	<b>34,896</b>	<b>69,6%</b>	<b>23,153</b>	<b>51.1%</b>	<b>20,117</b>	<b>44.3%</b>

Source: Consolidated Financial Statements

\* Includes balance-sheet and off-balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees, debt securities, and derivative transaction limits. The amount of exposure is calculated for the purposes of external limits (concentration limits) without deductions. The data does not cover the exposure to the central government.

The table below presents the Group's exposure to specific economy sectors:

Industry	As at 31 December					
	2022		2021 <sup>1</sup>		2020	
	Amount of exposure*	Total share in exposure	Amount of exposure*	Total share in exposure	Amount of exposure*	Total share in exposure
	(audited)					
	(PLN million)					
Public administration and defence, compulsory social security.....	11,089	22.1%	11,233	24.8%	11,471	25.2%
Mining and quarrying.....	2,955	5.9%	2,429	5.4%	2,235	4.9%
Production and supply of electricity, gas and steam.....	4,669	9.3%	5,825	12.8%	4,939	10.9%
Construction.....	2,784	5.6%	4,823	10.6%	5,071	11.2%
Transport, storage.....	4,625	9.2%	3,965	8.7%	3,638	8.0%
Manufacturing.....	4,057	8.1%	2,960	6.5%	3,285	7.2%
Professional, scientific and technical activities.....	2,373	4.7%	2,152	4.7%	2,337	5.1%
Property management and administration.....	5,195	10.4%	2,106	4.6%	1,724	3.8%
Financial and insurance activities.....	3,530	7.0%	2,072	4.6%	2,248	4.9%
Human health services and social work activities.....	2,029	4.0%	1,940	4.3%	1,565	3.4%
Other.....	6,847	13.7%	5,829	13.0%	6,958	15.4%
<b>Total.....</b>	<b>50,153</b>	<b>100%</b>	<b>45,334</b>	<b>100%</b>	<b>45,470</b>	<b>100%</b>

Source: Consolidated Financial Statements

<sup>1</sup> Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

\* Includes balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees and debt securities.

## Securities portfolio

The table below presents the Group's securities portfolio as at 31 December 2022:

	Held for trading	Not held for trading	Measured at fair	Measured at amortised cost	Total
		measured at fair value through profit or loss	value through other comprehensive income		
	(audited)				
	(PLN million)				
<b>Debt securities.....</b>	<b>6</b>	<b>74</b>	<b>47,764</b>	<b>87,875</b>	<b>135,719</b>
NBP (money market) bills.....	-	-	31,074	78,956	110,030
treasury bonds.....	6	-	9,857	2,228	12,091
corporate bonds.....	-	74	2,840	4,698	7,612
subordinated bonds.....	-	-	1,555	-	1,555

	<b>Held for trading</b>	<b>Not held for trading measured at fair value through profit or loss</b>	<b>Measured at fair value through other comprehensive income</b>	<b>Measured at amortised cost</b>	<b>Total</b>
	<i>(audited)</i>				
	<i>(PLN million)</i>				
covered bonds.....	-	-	43	-	43
municipal bonds.....	-	-	2,395	1,993	4,388
<b>Equity securities.....</b>	<b>-</b>	<b>1</b>	<b>896</b>	<b>-</b>	<b>897</b>
listed shares in other entities .....	-	-	796	-	796
unlisted shares in other entities .....	-	1	100	-	101
<b>Other financial assets.....</b>	<b>-</b>	<b>643</b>	<b>-</b>	<b>-</b>	<b>643</b>
<b>Total.....</b>	<b>6</b>	<b>718</b>	<b>48,660</b>	<b>87,875</b>	<b>137,259</b>

Source: Consolidated Financial Statements

The table below presents the Group's securities portfolio as at 31 December 2021:

	<b>Held for trading</b>	<b>Not held for trading measured at fair value through profit or loss</b>	<b>Measured at fair value through other comprehensive income</b>	<b>Measured at amortised cost</b>	<b>Total</b>
	<i>(audited)</i>				
	<i>(PLN million)</i>				
<b>Debt securities .....</b>	<b>9</b>	<b>6</b>	<b>65,477</b>	<b>26,520</b>	<b>92,012</b>
NBP (money market) bills.....	-	-	49,638	20,494	70,132
treasury bonds.....	9	-	10,038	195	10,242
corporate bonds.....	-	6	1,845	4,241	6,092
subordinated bonds .....	-	-	1,398	-	1,398
commercial bills .....	-	-	49	-	49
covered bonds.....	-	-	68	-	68
municipal bonds.....	-	-	2,441	1,590	4,031
<b>Equity securities.....</b>	<b>-</b>	<b>7</b>	<b>1,216</b>	<b>-</b>	<b>1,223</b>
listed shares in other entities.....	-	7	1,157	-	1,164
unlisted shares in other entities....	-	-	59	-	59
<b>Other financial assets.....</b>	<b>-</b>	<b>740</b>	<b>-</b>	<b>-</b>	<b>740</b>
<b>Total.....</b>	<b>9</b>	<b>753</b>	<b>66,693</b>	<b>26,520</b>	<b>93,975</b>

Source: Consolidated Financial Statements

The table below presents the Group's securities portfolio as at 31 December 2020:

	<b>Held for trading</b>	<b>Not held for trading measured at fair value through profit or loss</b>	<b>Measured at fair value through other comprehensive income</b>	<b>Measured at amortised cost</b>	<b>Total</b>
	<i>(audited)</i>				
	<i>(PLN million)</i>				
<b>Debt securities .....</b>	<b>20</b>	<b>192</b>	<b>54,957</b>	<b>20,232</b>	<b>75,401</b>
NBP (money market) bills.....	-	-	39,482	14,000	53,482
treasury bonds.....	20	93	10,248	194	10,555
corporate bonds.....	-	99	1,393	4,589	6,081
subordinated bonds .....	-	-	1,466	-	1,466
covered bonds.....	-	-	68	-	68
municipal bonds.....	-	-	2,301	1,450	3,750
<b>Equity securities.....</b>	<b>-</b>	<b>7</b>	<b>812</b>	<b>-</b>	<b>820</b>
listed shares in other entities.....	-	7	756	-	764
unlisted shares in other entities....	-	-	56	-	56
<b>Other financial assets.....</b>	<b>-</b>	<b>681</b>	<b>-</b>	<b>-</b>	<b>681</b>
<b>Total.....</b>	<b>20</b>	<b>881</b>	<b>55,769</b>	<b>20,232</b>	<b>76,902</b>

Source: Consolidated Financial Statements



## Derivative financial instruments

The table below presents the fair and nominal value of the Group's derivative financial instruments as at 31 December 2022:

### Derivative financial instruments – fair value

Contract type	As at 31 December					
	2022		2021		2020	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	<i>(audited)</i>					
	<i>(PLN million)</i>					
FX Swap .....	194	25	55	237	187	422
Forward.....	100	31	52	30	5	16
FRA .....	-	1	4	-	-	-
CIRS .....	802	806	223	241	606	561
IRS.....	489	496	134	387	199	326
OIS.....	2	-	-	-	-	-
<b>Total.....</b>	<b>1,587</b>	<b>1,359</b>	<b>468</b>	<b>895</b>	<b>997</b>	<b>1,325</b>

Source: Consolidated Financial Statements

### Derivative financial instruments – nominal value

Contract type	As at 31 December					
	2022		2021		2020	
	Call	Put	Call	Put	Call	Put
	<i>(audited)</i>					
	<i>(PLN million)</i>					
FX Swap .....	4,758	10,279	4,656	9,823	5,822	15,460
Forward.....	912	2,450	1,167	1,384	741	478
FRA .....	500	-	500	-	-	-
CIRS .....	11,540	13,999	12,855	14,767	10,888	11,824
IRS.....	5,892	5,864	9,080	4,965	6,539	5,247
OIS.....	47	-	-	-	-	-
<b>Total.....</b>	<b>23,649</b>	<b>32,592</b>	<b>28,258</b>	<b>30,939</b>	<b>23,990</b>	<b>33,010</b>

Source: Consolidated Financial Statements

## DESCRIPTION OF THE ISSUER

### Overview

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

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

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

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

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

The Group's activities have a multidimensional development context. The implementation of activities in one area, such as financing reindustrialisation, has a positive impact on other areas, i.e. on labour market development, reduction of the unemployment rate or increase in state budget revenue. The Group's infrastructure projects improve the quality and accessibility of services to the public and have a positive impact on the environment and the economy.

The Group carries out its activities in a responsible and sustainable manner, while maintaining a reasonable risk appetite. Planned projects are analysed in terms of risk and their impact on the Poland's sustainable economic growth. In 2022, the liquidity of BGK was at a safe level and its level of capital adequacy was monitored using capital adequacy ratios determined in line with the Banking Law and the CRR (Capital Requirements Regulation). As at 31 December 2022, 31 December 2021 and 31 December 2020, the total capital ratio of BGK (including cash flow funds) amounted to 28.91 per cent., 29.39 per cent. and 33.86 per cent., respectively.

An important element of the Group's operations are activities related to co-creation and implementation of programmes supporting the development of the housing industry, including provision of debt financing to entities in the social rental housing sector, non-refundable financing in the rental housing construction sector, in particular to municipal entities, as well as supporting thermal

modernisation and refurbishment of residential buildings. BGK carries out government tasks on the basis of acts and agreements with ministries, including through funds established, entrusted or transferred to BGK. These include, among others, cash flow funds related to the management and administration of cash flows of government funds established pursuant to applicable regulations.

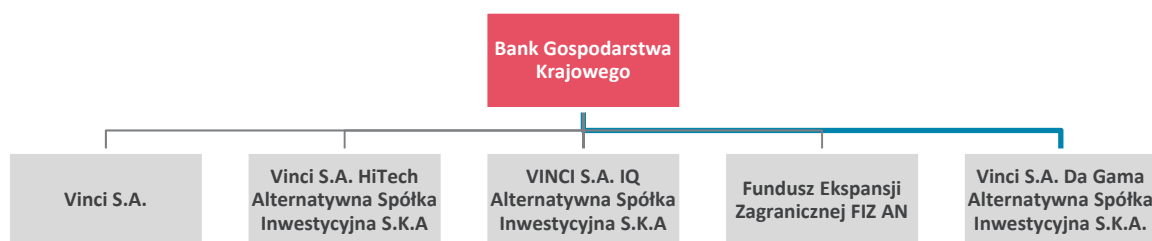
In addition, the Group actively support activities focused on exports, including through Korporacja Ubezpieczeń Kredytów Eksportowych S.A. (“**KUKE S.A.**”), implementation of the government export support programme and financing export projects that are partially implemented at “own risk”. The Group also actively supports the foreign expansion of Polish businesses through Fundusz Ekspansji Zagranicznej FIZ AN (“**FEZ FIZ AN**”) managed by PFR TFI S.A., which helps Polish entities co-finance their investment projects abroad by offering loans or acquiring minority shareholdings with a buyout option.

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

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

## Group

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



- **Bank Gospodarstwa Krajowego** is the parent entity of the Group;
- **Fundusz Ekspansji Zagranicznej FIZAN** (*Foreign Expansion Fund*) is a closed-end fund that supports foreign expansion by investing jointly with Polish partners in projects related to the establishment of new or the acquisition of existing companies outside Poland. Its investment objective is mainly to purchase and subscribe for shares and debt securities issued by such project companies, advancing loans to project companies as well as providing sureties and guarantees at the request of project companies;

- **Vinci S.A.** is a company established in 2021 for the sole purpose of managing alternative investment companies financed by BGK. Vinci's goal is to fill the market gaps in the financing of Polish enterprises and to increase the competitiveness of the Polish economy through seeking, structuring and managing investment projects implemented through managed investment vehicles;
- **Vinci S.A. HiTech Alternatywna Spółka Inwestycyjna S.K.A.** is the first investment vehicle operating in the form of an alternative investment company established and funded by BGK. HiTech ASI's investments will contribute to supporting pro-innovative activity as well as securing national technological ideas. The company is managed by Vinci S.A.
- **Vinci S.A. IQ Alternatywna Spółka Inwestycyjna S.K.A.** is an alternative investment fund targeting Polish innovative science and research projects at early stages of development. The company focuses on ventures characterized simultaneously by high potential for scientific, technological, patent and commercialization value.
- **Vinci S.A. Da Gama Alternatywna Spółka Inwestycyjna S.K.A.** is an alternative investment fund investing in foreign projects conducted by Polish companies.

Vinci Spółka Akcyjna, Vinci S.A. HiTech Alternatywna Spółka Inwestycyjna S.K.A., Vinci S.A. IQ Alternatywna Spółka Inwestycyjna S.K.A., Vinci S.A. Da Gama Alternatywna Spółka Inwestycyjna S.K.A. and Fundusz Ekspansji Zagranicznej FIZAN are consolidated using the full method, which means that all of their assets, liabilities and equity are transferred to BGK's balance sheet and all of their revenues and expenses are transferred to BGK's income statement.

### **History of BGK**

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

Until 1939, BGK focused on supporting public and municipal institutions as well as armament manufacturers, in addition to managing industrial plants, the control of which was subsequently assumed by the state. After World War 2, the operations of BGK were suspended in 1948. The Bank was reactivated in 1989 as an institution specialising in the provision of services to the public sector. The operations of BGK are governed by the Act on Bank Gospodarstwa Krajowego of 14 March 2003, as amended, and the Regulation of the Minister of Development on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego, dated 16 September 2016. Currently, BGK is the primary institution supporting the Polish government in the administration of socio-economic government programmes designed to promote entrepreneurship as well as infrastructure and residential investment at the national, regional and local level.

### **BGK's Strategy for 2021-2025**

Under BGK's strategy for 2021-2025, BGK's role as a development bank is to support sustainable development in Poland by providing relevant stimuli and supplementing the commercial banking sector by providing financing. BGK responds to development challenges by cooperating with market participants and, where required, stabilising the market. BGK's vision is to become a leader in sustainable development programmes. This vision is being implemented through external strategic pillars focusing on (i) sustainable development, (ii) social engagement, (iii) international cooperation and (iv) business, and internal strategic pillars focusing on (a) digital and process transformation and (b) ensuring an effective management model.

BGK's strategy for 2021-2025 is implemented through business model programmes which focus on industrial development, infrastructure, transport and logistics, entrepreneurship development, strategic security, healthcare, public finance, social and territorial cohesion and housing.

## **BGK's Cooperation with International Public Institutions**

BGK regularly collaborates with numerous public entities, including the European Commission, international financial institutions, foreign banks and development institutions, international associations and diplomatic entities. Below is a summary of BGK's cooperation with international public entities.

### ***Cooperation with the European Commission***

On 25 June 2021, in order to benefit from opportunities resulting from the European Commission's Pillar Assessment accreditation received in 2020, BGK submitted its offer to the European Commission to become an implementing partner of the InvestEU Programme, which, if successful, will allow BGK to access EU funds and a budgetary guarantee under a direct management mechanism. The offer was positively reviewed by the Commission and terms of the guarantee agreement with the EC are currently being negotiated. The guarantee agreement is expected to be signed in the first half of 2023. BGK plans to use the InvestEU guarantee facility as a risk-sharing instrument for new products addressed to the following market segments: sustainable infrastructure and research, innovation and digitisation.

The successful pillar assessment carried out by the European Commission enabled BGK to sign an agreement with the European Commission on 13 December 2021 on activities relating to delivery of COVID-19 vaccines to Ukraine, the Republic of Moldova, Georgia, Armenia, and Azerbaijan (the "**Eastern Partnership**"). As a result, BGK received a EUR 35 million grant that has been used to finance and deliver between 2 million and 10 million doses of the COVID-19 vaccine to those countries. The project is being implemented together with the Ministry of Foreign Affairs of Poland and the European Commission's Directorate-General for European Neighbourhood Policy and Enlargement Negotiations. The Ministry of Foreign Affairs coordinates the EU's efforts related to the provision of vaccines to Eastern Partnership countries, while BGK implements the grant, fulfilling all tasks related to the management of the funds received, and acts as the payment agent. Under the mechanism, Portugal donated Pfizer Comirnaty vaccines worth a total of EUR 7.8 million to Armenia, and BGK refinanced this amount with grant funds.

Following the Russian invasion of Ukraine, BGK, together with the European Commission, decided to enlarge the scope of the action to enable immediate humanitarian support for Ukraine. In February 2022, EUR 25 million was reallocated to support Ukraine. The funds financed, among others, ambulances, power generators, hygiene products and medical devices. Further support is envisaged in the near future. The grant was implemented in cooperation with the Solidarity Fund PL. BGK was responsible for managing funds, reporting and monitoring the project's progress, and acted as payment agent. Activities under the grant are expected to continue until mid-2023.

### ***European Investment Bank ("EIB")***

In May 2022, the EIB launched the EUR 4 billion Ukraine Solidarity Package initiative. This solidarity package provides support under the Cohesion Policy to counter the negative effects of Russia's aggression against Ukraine. EUR 2 billion under the package has been earmarked for Poland as special support for BGK in raising funds for the Aid Fund managed by BGK.

In 2022, under the Ukraine Solidarity Package, BGK issued 2 series of bonds under the Aid Fund for a total of EUR 1.2 billion, which were fully subscribed for by the EIB. The proceeds from these issuances are provided to support, among other things, local governments and public entities that organize assistance for refugees from Ukraine and support their integration into local communities. Tasks financed by the issuance include maintenance and operation of refugee reception points, provision of housing and food, transportation to places of accommodation, assignment of PESEL numbers, and medical services.

In February 2022, BGK and the EIB signed an agreement to co-finance the modernization of the S3 road connecting Świnoujście and Szczecin. The amount of the loan granted was EUR 250 million.

In December 2022, two other agreements with the EIB were signed:

- an agreement to co-finance the construction of a section of the S1 expressway between Pyrzowice and Dąbrowa Górnicza and between Kosztowy and Bielsko-Biała, with a total length of approximately 69 km. The amount of the loan granted was EUR 400 million;
- an agreement to co-finance the construction of a 34.6 km section of the S7 expressway between Płońsk and Czosnów. The amount of the loan granted was EUR 220 million.

The EIB funds will be contributed to the National Road Fund managed by BGK.

In addition, in March and July 2022, BGK received the first disbursements from, respectively, the multibeneficiary intermediated loan (“**MBIL**”) VI agreement and Municipal Facility & COVID-19 Response agreement.

In 2022, BGK completed the allocation of funds from the MBIL V agreement and began the allocation of funds under the MBIL VI agreement and the Municipal Facility & COVID-19 Response agreement. Funds from the EIB’s global loans are intended to finance investments by local government units, SMEs and mid-cap companies. Funds from the Municipal Facility & COVID-19 Response loan are intended to finance projects of cities that are part of their overall development and directly related to mitigating the negative effects of the COVID-19 pandemic.

### ***European Investment Fund (“EIF”)***

BGK cooperates with the EIF in various fields. The EIF, which is owned by the EIB, the European Union as represented by the European Commission, and a wide range of public and private banks and financial institutions, implements programmes and the disbursement of EU funds, e.g., through the European Fund for Strategic Investments (“**EFIS**”), to provide support for SMEs. Under the EFIS and within the framework of cooperation with EIF, BGK provides guarantees under EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (“**COSME**”) to SMEs with the EIF’s counter-guarantee. COSME guarantees are described in detail in the sub-section entitled “*Sureties and guarantees*” below.

In 2022, BGK continued to cooperate with the EIF with respect to counter-guarantees for lease guarantees. The EIF’s counter-guarantee is based on the resources of the Pan-European Guarantee Fund. The portfolio guarantee for leases is a new initiative of BGK and supplements the existing offer of BGK’s portfolio guarantees.

In 2022, BGK started discussion and working consultations on the application for EIF counter-guarantees under two thematic windows of the InvestEU programme: SMEs and Microfinance. BGK intends to use the competences and experience gained in implementing and offering the previous COSME and Creative Europe guarantees to offer the banking sector portfolio guarantees for SME clients, which it believes will be of particular importance for the economy during the slowdown.

BGK also continues its activities within the framework of the EUR 90 million Polish Growth Fund of Funds, which was established together with the EIF. The fund invests in investment funds that provide funding to business entities which are seeking to quickly grow.

Cooperation with the EIF is also implemented at the ownership level. As at the date of this Offering Circular, BGK holds eight shares in the EIF, which constitute 0.1 per cent. of the EIF’s share capital, and BGK is its only Polish shareholder.

### ***Multilateral cooperation with public development institutions and international associations and organisations***

BGK actively cooperates with public banks and development institutions from other countries.

In 2022, BGK intensified cooperation within the so called Big 5+1 Group, which comprises the EIB and the five largest development banks in Europe (BGK, CDC, CDP, ICO and KfW) as part of the

Joint Initiative on Circular Economy, the goal of which is to accelerate the transition to a sustainable closed circuit economy by launching innovative and environmentally friendly projects.

In addition, BGK is a member of the trade associations and organizations named below. The associations have no commercial purpose and pursue non-profit-making objectives at the international level, focussing on representing, promoting and defending the shared interests of its members.

As of the date of this Offering Circular, BGK is a member of the following international associations and organisations:

- European Association of Public Banks;
- European Association for Banking and Financial History
- European Association of Guarantee Institutions;
- European Long-Term Investors Association;
- European Banking Federation;
- The Institute for Internal Controls;
- Information Systems Audit and Control Association;
- International Project Finance Association;
- International Swaps and Derivatives Association;
- Network of European Financial Institutions for SMEs; and
- World Economic Forum.

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

The Three Seas Initiative Investment Fund (operating under the name Three Seas Initiative Investment Fund S.A. SICAV-RAIF) is a financial instrument established to support the implementation of major commercial infrastructure projects and was inspired by the assumptions of the Three Seas Initiative established by the presidents of Poland and Croatia in collaboration with the presidents of ten other European states: Austria, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia, and Slovenia. The primary objective of the Three Seas Initiative Investment Fund is to invest in commercial projects in the area of transport, energy, and digital infrastructure, as well as projects that improve the economic potential and reduce differences in development between the Three Seas Region states and Western European states.

BGK is the initiator, co-founder and key investor in the Three Seas Initiative Investment Fund. The Fund commenced its operating activities in 2021 and is currently in the investment stage. The Fund's portfolio includes 4 investment projects within various industry sectors, including Cargounit, which is the largest independent locomotive leasing company in Poland; Greenergy, which is a CEE data centre platform; Energy, which is a renewable power company; and Burgas, which is a major port operator in Bulgaria. The fund has 11 shareholders, including two private entities and nine development institutions. BGK's maximum exposure is EUR 750 million, and the carrying value of BGK's investment in the Three Seas Initiative Investment Fund amounted to PLN 1,924 million as of 31 December 2022.

In June 2022, U.S. International Development Finance Corporation (“DFC”) and the Three Seas Initiative Investment Fund have agreed to a term sheet that will form the basis of an agreement under which DFC will provide up to U.S.\$300 million of financing to the Three Seas Initiative Investment Fund. DFC financing will support energy and infrastructure investments that enhance energy security, facilitate energy diversification, and improve connectivity in the Three Seas region. DFC is the United

States' development finance institution and has an investment portfolio of more than U.S.\$37 billion committed globally, with an emphasis on less-developed countries.

### **BGK's Activities**

The Group's business activity is conducted by BGK and other organisationally related institutions, subsidiaries and affiliates.

The Group's operations include:

- banking activities, primarily in the form of lending and surety activities, as well as the maintenance of accounts and deposits;
- commissioned activities related to supporting the Polish State Treasury and managing government and EU programmes; and
- investment activities.

BGK, as a state development bank, is the key institution supporting the State Treasury in the administration of social and economic government programmes intended to promote entrepreneurship as well as infrastructure and housing projects at the national, regional and local level. In addition to conducting banking activities, the Issuer actively cooperates with governmental ministries and Polish development institutions.

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

Through the cash flow funds mentioned above and in cooperation with surety funds and Korporacja Ubezpieczeń Kredytów Eksportowych S.A., a Polish insurance company established by the State Treasury to support export activities of Polish companies, BGK also supports the development of entrepreneurship by providing sureties and facilitating the export of Polish goods and services.

### ***Lending Activity***

BGK extends credit (in the form of loans and bonds) to a wide group of borrowers, including corporate entities and local communities. It is involved in the financing of local government entities, utility companies and healthcare institutions, and in the implementation of programmes aimed at facilitating access to the housing market and increasing the availability of housing in Poland. BGK provides financing to bridge gaps in the banking sector, including by participating in syndicated loans.

### ***Infrastructure Project Financing***

Within the framework of its lending activity, BGK primarily finances investment and infrastructure projects. BGK's operations are focused on supporting strategic sectors of the Polish economy. These operations are carried out mainly through structured transactions that enable large investments in the production and energy sectors and through financing new technologies. These investments are carried out primarily through the participation of BGK in consortia and by increasing the use of leverage in financing investments of strategic importance to Poland. This enables using the funds of the financial sector in addition to BGK's own funds. The share of structured finance in the exposure portfolio was



43.2 per cent. as at 31 December 2022, which represented a balance sheet exposure of PLN 21,789 million.

An important part of BGK's loan offering is also working capital facilities or medium-value investment loans that do not require structured finance transactions. These types of loans are granted through BGK's regional network. BGK also funds infrastructure projects within the scope of its statutory activities through the National Road Fund, the Railway Fund and investment funds.

#### *Export and foreign expansion financing*

One of the Polish government's strategic objectives is to internationalise the Polish economy. In addition to more sophisticated forms of international cooperation, a special focus has been placed on the development of business relations with non-EU countries (including higher risk countries).

BGK plays a key role in providing Polish companies with services enabling them to effectively compete on international markets. In recent years, BGK has been increasing its exposure to export financing and foreign expansion instruments granted both under the Financial Exports Support Programme (*Finansowe Wspieranie Eksportu*) and as part of the Bank's own activities.

In 2022, BGK continued its support to exports and foreign expansion activities, through financing projects implemented by Polish businesses on international markets.

Under the Financial Exports Support Programme adopted by the Council of Ministers in 2009, BGK provides credit facilities to foreign buyers (directly or through the buyer's bank) to finance the purchase of Polish goods or services. The funds are transferred directly to the bank accounts of Polish exporters, which eliminates the risk of default, as the Polish business receives the transfer directly from BGK.

The solution offered under the Programme is aimed at higher risk markets (including Eastern European and African markets), where the instruments offered by commercial banks are limited and the borrowing costs charged by local banks are high.

Between the launch of the Financial Exports Support Programme in 2009 and 31 December 2022, BGK granted loans in an aggregate amount of approximately PLN 5.1 billion. The amount disbursed was approximately PLN 4.5 billion, while the value of supported export contracts was approximately PLN 6.2 billion.

Since 2015, in connection with the growing interest in financing expressed by Polish businesses operating on international markets, BGK has expanded its product offer to include loans dedicated to supporting foreign investments by Polish enterprises. These financial instruments are intended to be complementary to BGK's available export credit products and to products offered by other financial institutions. This significantly increased the amount of loans granted in subsequent years and, at the same time, allowed BGK to enter the markets of highly developed countries through various forms of financing. The expansion of the product offer also increased the geographical diversification of BGK's portfolio and enabled Polish businesses to secure attractive forms of support in relation to exports and when planning expansion into foreign markets.

In 2022, under the Financial Exports Support (*Finansowe Wspieranie Eksportu*) Programme and as a result of its own activities, BGK provided export and foreign expansion financing. In 2022, BGK supported 130 foreign projects of Polish companies, including the financing of the sale of chemical products to Ukraine, the sale of semi-trailers to Côte d'Ivoire, the sale of spare parts to Nepal, and the foreign expansion of Polish businesses in the United Kingdom and the United States.

#### *Financing of Projects Undertaken by Local Government and Healthcare Entities*

As at 31 December 2022, the credit exposure of BGK to local government units and municipal companies amounted to PLN 12,435 million and was PLN 221 million higher in comparison to the previous year.

The Bank also finances healthcare sector entities. At the end of 2022, BGK's credit exposure to entities in this sector amounted to PLN 1,864 million, a decrease of PLN 46 million in comparison to the previous year.

#### *Financing of Housing Projects*

The Group implements numerous instruments related to the development of housing and ensuring access to housing for young families and persons with relatively low income, as well as instruments to promote social mobility and labour market balance through the development of the institutional rental housing sector.

Within the framework of its lending activity, the Bank has implemented social rental housing government programmes. As at 31 December 2022, BGK's exposure under these programmes amounted to PLN 4,670 million. This amount comprised the value of exposure in the portfolio of the former National Housing Fund and amounts disbursed under loans granted as part of the social rental housing programme. BGK also supports the housing industry through government programmes administered by the Subsidy Fund (including those related to municipal housing).

#### *Lending Policy of BGK*

The purpose of BGK's lending policy is to create a framework for the implementation of BGK's mission, which consists of supporting sustainable social and economic growth of Poland, and in particular to:

- strengthen the role of BGK as a development bank and significantly increase the Bank's involvement in financing activities carried out under its strategy, including through implementation of the Bank's business model based on the following eight areas:
  - industrial development;
  - entrepreneurship development;
  - infrastructure, transport and logistics;
  - strategic security;
  - healthcare;
  - public finance;
  - social and territorial cohesion;
  - housing; and
- maintain the high quality of assets (especially the loan portfolio) within a specific risk level.

Other objectives of BGK's lending policy include:

- influencing the development of selected industries of the Polish economy, including through participating in the structured financing of infrastructure projects and exports financing and taking into account the risks related to economic, political, environmental, social and governance conditions in Poland as well as the global economic situation;
- ensuring compliance with sustainable development guidelines for banks;
- achieving the planned size and structure (including diversification) of the loan portfolio by increasing or reducing the Bank's exposure to selected entities, market segments, and industries and defining relevant exposure concentration limits; and
- ensuring appropriate loan portfolio quality.



	As at 31 December 2021		As at 31 December 2020		Change versus 2020	
	Total	Share	Total	Share	in nominal terms	%
	<i>(unaudited)</i>					
	<i>(in PLN million)</i>					
<b>Loans and bonds (municipal and commercial), gross*</b> .....	<b>45,830</b>	<b>100%</b>	<b>45,935</b>	<b>100%</b>	<b>(105)</b>	<b>(0.2)%</b>
Financial sector entities .....	2,226	4.9%	1,546	3.4%	680	44.0%
Non-financial sector entities .....	30,303	66.1%	31,235	68.0%	(932)	(3.0)%
individuals.....	32	0.1%	35	0.1%	(3)	(8.6)%
businesses.....	30,271	66.1%	31,200	67.9%	(929)	(3.0)%
Public sector entities .....	13,302	29.0%	13,154	28.6%	147	1.1%
central government entities .....	1,143	2.5%	732	1.6%	410	56.0%
local government entities .....	12,159	26.5%	12,422	27.0%	(263)	(2.1)%

\* the item includes loans, municipal bonds and commercial bonds

Source: BGK

As at 31 December 2022, BGK's share of the loan market in Poland amounted to 2.9 per cent., including a 3.4 per cent. share of loans to financial sector entities, 2.2 per cent. market share for loans to non-financial sector entities and 26.2 per cent. share of loans to public sector entities.

As at 31 December 2022, total debt subject to collection or restructuring was PLN 1,886 million (1,335 exposures), while recoveries in 2022 totalled PLN 147 million. BGK is not involved in any litigation where the amount of the claim represents at least 10 per cent. of its equity. The total value of claims also does not exceed that threshold.

### **Deposit Taking and Management of Public Finance Consolidation**

#### **Deposit Taking**

The majority of BGK's deposit activity is focused on maintaining accounts for the Polish state and state-related entities. BGK also provides deposit services to local governments and the entities they control.

In 2022 BGK saw a year-on-year increase in the balance of deposits by PLN 3,019 million, i.e., 2 per cent. In terms of value, the largest increase, of PLN 7,531 million (up 9.1 per cent. year on year), was recorded in the public sector entities segment. The largest items in this group are funds deposited by the Ministry of Finance, which are subject to high volatility.

In 2021 BGK saw a year-on-year increase in the balance of deposits by PLN 34,553 million, or 29.7 per cent. In terms of value, the largest increase, of PLN 35,863 million (up 65.5 per cent. year on year), was recorded in the public sector entities segment. The largest items in this group are funds deposited by the Ministry of Finance, which are subject to high volatility, especially at the end of the year.

The table below presents the volume and structure of BGK's deposit base in 2022 and 2021:

31 December 2022		31 December 2021		Change versus 2021	
Total	Structure	Total	Structure	In nominal terms	%
<i>(unaudited)</i>					

(in PLN million)

<b>Deposits from customers.....</b>	<b>153,830</b>	<b>100.0%</b>	<b>150,811</b>	<b>100.0%</b>	<b>3,019</b>	<b>2.0%</b>
Financial sector entities .....	15,081	9.8%	17,906	11.9%	(2,825)	(15.8)%
Non-financial sector entities .....	41,542	27.0%	42,271	28.0%	(729)	(1.7)%
Individuals .....	46	0.0%	59	0.0%	(13)	(21.5)%
Businesses.....	41,496	27.0%	42,212	28.0%	(716)	(1.7)%
Public sector entities.....	97,207	63.2%	90,634	60.1%	6,573	7.3%
Central government entities .....	90,361	58.7%	82,830	54.9%	7,531	9.1%
Local government entities .....	6,846	4.5%	7,804	5.2%	(958)	(12.3)%

Source: BGK

The table below presents the volume and structure of BGK's deposit base in 2021 and 2020:

	31 December 2021		31 December 2020		Change versus 2020	
	Total	Share	Total	Share	In nominal terms	%
	(unaudited)					
	(in PLN million)					
<b>Deposits from customers..</b>	<b>150,811</b>	<b>100.0%</b>	<b>116,258</b>	<b>100.0%</b>	<b>34,553</b>	<b>29.7%</b>
Financial sector entities .....	17,906	11.9%	14,573	12.5%	3,333	22.9%
Non-financial sector entities .....	42,271	28.0%	46,913	40.4%	(4,642)	(9.9)%
Individuals .....	59	0.0%	53	0.0%	7	13.2%
Businesses.....	42,212	28.0%	46,861	40.3%	(4,649)	(9.9)%
Public sector entities.....	90,634	60.1%	54,771	47.1%	35,863	65.5%
Central government entities	82,830	54.9%	50,194	43.2%	32,636	65.0%
Local government entities...	7,804	5.2%	4,577	3.9%	3,227	70.5%

Source: BGK

The table below presents the structure of Group's liabilities to customers in the years ended 31 December 2022, 2021 and 2020:

	31 December 2022	31 December 2021	31 December 2020
	(audited)		
	(in PLN million)		
<b>Liabilities to financial sector.....</b>	<b>15,067</b>	<b>17,899</b>	<b>14,510</b>
Current accounts and O/N deposits .....	954	9,384	3,522
Term deposits .....	14,002	8,505	10,964
Other liabilities .....	111	11	24
<b>Liabilities to non-financial sector.....</b>	<b>41,542</b>	<b>42,271</b>	<b>46,857</b>
Current accounts and O/N deposits .....	15,662	14,779	13,843
Term deposits .....	25,291	26,909	31,993
Other liabilities .....	589	583	1,020
<b>Liabilities to public sector.....</b>	<b>97,207</b>	<b>90,634</b>	<b>54,771</b>

	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<i>(audited)</i>		
	<i>(in PLN million)</i>		
Current accounts and O/N deposits .....	88,682	67,194	38,285
Term deposits .....	8,254	23,384	16,354
Other liabilities .....	271	56	132
<b>Total.....</b>	<b>153,816</b>	<b>150,804</b>	<b>116,138</b>

Source: BGK

#### *Public Finance Consolidation Management*

In accordance with the Public Finance Act of 27 August 2009 (as amended), since May 2011 the Bank has been responsible for consolidating public funds. Since 1 January 2015 it has also been responsible for the management of deposit accounts of the Minister of Finance, in which cash accepted for court deposits is held. Moreover, since 1 January 2022 it has also managed deposit accounts of the Minister of Finance in which deposits of common prosecutor's office organisational units.

Pursuant to the Agreement dated 19 December 2014 concluded between the Minister of Finance and BGK (as amended), BGK is responsible for:

- carrying out operations related to the acceptance as deposits or under management of unallocated financial resources of public sector entities/non-public sector entities classified as government sector entities;
- refunding the amounts provided to the Minister of Finance, with interest, to the bank accounts of those entities;
- maintaining bank accounts for the Ministry of Finance for the purposes of accepting amounts from entities and refunding them, in addition to transferring interest accrued on such amounts;
- processing transfers initiated by the Ministry of Finance from the bank accounts maintained by BGK;
- preparing reports on the amounts accepted as deposits or under management for the Ministry of Finance.

In addition, since January 2015, BGK has maintained the deposit accounts of the Ministry of Finance, which hold funds accepted for court deposits and, since January 2022, also deposit sums of common prosecution units. Within the scope of such services provided to the Ministry of Finance, BGK is responsible for:

- keeping deposit accounts of the Ministry of Finance in PLN, EUR, USD, GBP, and CHF;
- carrying out operations related to the management of the deposit accounts of the Ministry of Finance;
- maintaining bank accounts for the Ministry of Finance for the purposes of accepting amounts from the deposit accounts of the Ministry of Finance as overnight deposits and transferring interest accrued on such amounts;
- preparing reports on court deposits and deposits of prosecutor's office organisational units for the Minister of Finance;



	31 December 2022		31 December 2021		Change versus 2021	
	Total	Structure	Total	Structure	In nominal terms	%
	(audited)					
	(in PLN million)					
NBP (money market) bills.....	110,030	81.1%	70,132	76.2%	39,898	56.9%
Treasury bonds .....	12,091	8.9%	10,242	11.1%	1,849	18.1%
Corporate bonds....	7,612	5.6%	6,092	6.6%	1,520	25.0%
Subordinated bonds .....	1,555	1.1%	1,398	1.5%	157	11.2%
Commercial bills...	-	-	49	0,1%	(49)	(100)%
Covered bonds .....	43	-	68	0,1%	(25)	(36.8)%
Municipal bonds ...	4,388	3.2%	4,031	4.4%	357	8.9%

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

The table below presents the value and composition of the Group's portfolio of debt securities in 2021 and 2020:

	31 December 2021		31 December 2020		Change versus 2020	
	Total	Structure	Total	Structure	In nominal terms	%
	(audited)					
	(in PLN million)					
<b>Debt securities.....</b>	<b>92,012</b>	<b>100.0%</b>	<b>75,401</b>	<b>100.0%</b>	<b>16,611</b>	<b>22%</b>
NBP (money market) bills.....	70,132	76.2%	53,482	70.9%	16,650	31.1%
Treasury bonds .....	10,242	11.1%	10,555	14.0%	(313)	(3.0)%
Corporate bonds.....	6,092	6.6%	6,081	8.1%	11	0.2%
Subordinated bonds ...	1,398	1.5%	1,466	1.9%	(68)	(4.6)%
Commercial bills.....	49	0,1%	-	-	49	-
Covered bonds .....	68	0,1%	68	0,1%	0	-
Municipal bonds .....	4,031	4.4%	3,750	5.0%	281	7.5%

Source: 2021 Consolidated Financial Statements, 2020 Consolidated Financial Statements

Within its activities in the money market and the debt securities market, BGK cooperates with the Ministry of Finance, including by investing the state budget's liquidity surplus.

### Sureties and Guarantees

As part of its surety and guarantee operations, BGK supports businesses, in particular SMEs, in financing their development needs, including investments. Within this area of its operations, BGK also supports individuals in financing housing improvements, including exchange of energy sources and thermal modernization.

BGK carries out surety and guarantee operations in compliance with the Act on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons of 8 May 1997 (as amended) ("Act on Sureties and Guarantees").



In 2022, under the “Supporting Entrepreneurship through BGK Sureties and Guarantees” programme, BGK performed tasks in four primary areas:

- continuation of the government programme of providing *de minimis* guarantees for SMEs (**NGF**);
- 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;
- management of active portfolios of sureties and guarantees, including portfolios which have been removed from the offer; and
- cooperation with local and regional surety funds in Poland.

In 2022, 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 are also granted together with a loan repayment surety provided by the surety fund (“**PDMGF PLUS**”). In 2022, *de minimis* guarantees continued to be provided under special conditions introduced in 2020 in connection with the COVID-19 pandemic, which are in effect until 30 June 2023;
  - 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**”), which were offered until 30 April 2022;
  - 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. In 2022, the guarantees continued to be provided under special conditions introduced in 2020 in connection with the COVID-19 pandemic. These conditions are in effect until 31 December 2023;
  - loan repayment guarantees as part of the Agricultural Guarantee Fund (“**AGF**”), a product dedicated to entities within the agricultural sector. In 2020, in connection with the COVID-19 pandemic, special conditions for AGF guarantees including interest rate subsidies on working capital loans, were introduced. These conditions are valid until 31 December 2023;
  - loan repayment guarantees as part of the Crisis Guarantee Fund (“**PGF-CGF**”), which will be provided until 31 December 2023;
  - factoring limit repayment guarantees as part of the Crisis Guarantee Fund (“**LGF CGF**”), which will be provided until 31 December 2023;
  - student loan repayment guarantees and medical student loan sureties;
  - lease guarantees – a product introduced in 2022, implemented in cooperation with the European Investment Fund from the Pan-European Guarantee Fund (“**LGL EGF**”), available until 31 December 2022;
  - clean air guarantees – a product introduced in 2021, offered together with subsidies provided by Regional Funds for Environmental Protection and Water Management (“**PGF ESGF**”), available until 31 January 2028; and

- down payment guarantees (“**PGF GHF**”), combined with the possibility of obtaining family repayments granted by BGK – a product that is intended to be available until 31 December 2030.
- guarantees/sureties provided on a case-by-case basis, including:
  - loan repayment guarantees and sureties;
  - performance bonds;
  - sureties and guarantees for entities applying for state aid (from the Liquidity Fund) provided until 30 June 2022; and
  - sureties and guarantees for entities applying for state aid (from the Crisis Guarantee Fund) provided until 31 December 2023.

To support the economy during the COVID-19 outbreak, in 2020 BGK implemented a comprehensive package of guarantee-related measures. BGK has significantly improved the guarantee conditions under the existing programmes and it has launched special measures under the Temporary Framework (“**TF**”) for State Aid Measures as well as under the Pan-European Guarantee Fund.

Improved guarantee conditions include increased guarantee coverage, temporary suspension or reduction of guarantee fees and extension of the duration of loans for current activities. In some guarantee products, interest subsidies were applied to loans for current business activities.

Under the TF, BGK launched the Liquidity Guarantee Fund, which provided aid in the form of guarantees for new loans (“**PGF LGF**”), as well as for renewals of existing overdrafts and revolving credit lines. The final beneficiaries of these guarantees were medium and large undertakings. The PGF LGF guarantees were provided until 30 June 2022.

Under the TF, BGK also launched the Guarantees on Factoring (“**LGF LGF**”). This programme provided aid in the form of guarantees on factoring products covering mainly recourse and reverse factoring. The product was offered to all undertakings, irrespective of their size until 30 June 2022.

The guarantee instrument introduced by BGK in response to COVID-19 (in 2021) is a guarantee for leasing with the EIF’s counter-guarantees under the Pan-European Guarantee Fund (“**LGL EGF**”). The measure provided aid in the form of guarantees on financial leasing and leasing loans until 31 December 2022. The final beneficiaries of the measure were SMEs.

Due to the expiration of the TF, in order to ensure the availability of liquidity guarantees to replace guarantees from the Liquidity Guarantee Fund after 30 June 2022, BGK has implemented guarantees (loan repayments and factoring limits) from the resources of the Crisis Guarantee Fund, developed on the model of guarantees issued by the Liquidity Guarantee Fund and aimed at the same business segments. Guarantees from the Crisis Guarantee Fund were introduced on the basis of the Communication of the European Commission dated 24 March 2022 titled “Temporary Crisis Framework for State Aid Measures to Support the Economy Following the Aggression against Ukraine by Russia” and the Act of 12 March 2022 on Support for Citizens of Ukraine in Connection with the Armed Conflict There, to address the humanitarian crisis caused by the Russian invasion of Ukraine, on the basis of which the Crisis Guarantee Fund was established.

From 1 January 2023, in relation to the expiration of the provision of LGL EGF guarantee programme at the end of 2022, BGK implemented the Minimum Portfolio Lease Guarantee Line (LGL NGF), which will be a continuation of the guarantee offer for leases.

Moreover, in 2021, BGK commenced activities as part of the “Clean Air” guarantee programme using guarantees of BGK, the objective of which is to expand the instruments of influence of the “Clean Air” priority programme managed by the National Fund for Environmental Protection and Water Management and implemented by 16 regional environmental protection and water management funds.

The programme is aimed at increasing the energy efficiency of single-family residential buildings and reducing emissions of dust and other pollutants into the atmosphere from single-family residential buildings by replacing old, inefficient solid fuel heating equipment and carrying out thermal upgrades of these buildings.

The guarantee programme is implemented by providing guarantees on a portfolio basis (PGF-ESGF guarantees) under agreements signed with lending banks, which entered into relevant agreements with the National Fund for Environmental Protection and Water Management and Regional Funds for Environmental Protection and Water Management. The PGF ESGF guarantees are financed from the Ecological Surety and Guarantee Fund established at BGK on 1 January 2021 under the Act of 28 October 2020 Amending the Act on Supporting Thermal Modernisation and Refurbishment and Certain Other Acts. The Fund's operations are governed by the Environmental Law of 27 April 2001.

The guarantee activity is addressed to natural persons who take out loans for the purposes provided for in the "Clean Air" priority programme managed by the National Fund for Environmental Protection and Water Management – guarantees may be provided until 31 January 2028. PGF-ESGF guarantees are offered together with subsidies provided by Regional Funds for Environmental Protection and Water Management for the repayment of principal of the guaranteed loan, paid directly to the loan account at the lending bank.

Down Payment Guarantees (PGF GHF) and family repayments are financed by the Government Housing Fund established at BGK.

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

	<u>31 December 2022</u>		<u>31 December 2021</u>		<u>31 December 2020</u>	
	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>
	<i>(unaudited)</i>					
	<i>(in PLN million)</i>					
<b>Sureties and guarantees provided on a portfolio basis.....</b>	<b>91,056</b>	<b>39,887</b>	<b>100,051</b>	<b>36,996</b>	<b>75,823</b>	<b>25,571</b>
PDMGF NGF .....	83,358	37,816	91,705	34,170	67,922	23,577
PGF COSME .....	1,245	250	4,237	737	5,870	1,003
GF SG OP .....	598	1,166	812	1,600	365	733
PGF Creative Europe.....	-	-	1	-	1	-
PGF AGF.....	4,206	588	3,092	483	1,665	259
PGF-ESGF.....	1,446	55	204	8	-	-
PGF GHF	203	11	-	-	-	-
<b>Guarantee products implemented only for the period of the pandemic and conflict in Ukraine .....</b>	<b>6,958</b>	<b>17,939</b>	<b>3,146</b>	<b>14,396</b>	<b>1,626</b>	<b>15,462</b>
PGF LGF	840	8,732	1,263	11,131	1,484	14,553
LGF LGF .....	486	1,944	646	3,053	142	909
PGF CGF .....	178	656	-	-	-	-
LGF CGF.....	647	5,726	-	-	-	-
LGL EGF.....	4,807	881	1,237	211	-	-

Source: BGK

In accordance with the Act on Sureties and Guarantees, BGK may acquire or subscribe for shares in regional and local surety funds that offer sureties and guarantees securing the repayment of loans to micro, small and medium-sized enterprises. As at 31 December 2022, BGK's exposure to 13 surety

funds, measured as the contribution value, was PLN 51.01 million. The guarantee funds at their disposal amounted to PLN 388.77 million.

In 2022, the funds provided 6,706 sureties with a total value of PLN 460.3 million. As at 31 December 2022, the active surety fund portfolio amounted to PLN 800.1 million.

## **EU Programmes**

BGK is an active partner of central or local government administration bodies in the implementation of EU programmes. BGK implements programmes at the national and regional level, cooperating with fund administrators as part of national and regional operational programmes.

In 2022, BGK focused on effective distribution of the entrusted funds and monitored the current progress in their disbursement, while cooperating with the entities involved in the process. At the same time, in 2022 BGK obtained additional resources from EU funds to be used for supporting enterprises amid the economic turmoil caused, among others, by Russia's ongoing invasion of Ukraine. In certain programmes, additional funds were also disbursed following recoveries made under financial instruments due to their revolving structure.

## **Funds**

BGK carries out Polish government tasks on the basis of acts and agreements with Polish ministries, including through funds established, entrusted or transferred to BGK for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements. These include, among others, cash flow funds related to the management and administration of cash flows which are not recognised in BGK's statement of financial position and the statement of profit or loss.

### ***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. Funds are discussed on the basis of financial plans agreed with the competent minister and approved by the administrators of these funds.

Dedicated accounting records are maintained for the cash flow funds. In order to fulfil statutory requirements, 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 for information purposes only. Detailed information on the financial position and profit and loss of cash-flow funds for each financial year, which has not been reviewed or audited by an independent auditor, is available in the statements of funds established under separate legislation, which are included in the 2022 Standalone Financial Statements, 2021 Standalone Financial Statements and 2020 Standalone Financial Statements incorporated by reference in this Offering Circular.

As at the date of this Offering Circular, the cash flow funds are:

- the COVID-19 Response Fund (*Fundusz Przeciwdziałania COVID-19*);
- the National Road Fund (*Krajowy Fundusz Drogowy*);
- the Armed Forces Support Fund (*Fundusz Wsparcia Sił Zbrojnych*);
- the Aid Fund (*Fundusz Pomocy*);

- the Railway Fund (*Fundusz Kolejowy*);
- the Borrower Support Fund (*Fundusz Wsparcia Kredytobiorców*);
- the Subsidy Fund (*Fundusz Dopłat*);
- the Government Housing Development Fund (*Rządowy Fundusz Rozwoju Mieszkalnictwa*);
- the National Guarantee Fund (*Krajowy Fundusz Gwarancyjny*);
- the Polish Science Fund (*Fundusz Polskiej Nauki*);
- the Thermo-modernisation and Renovation Fund (*Fundusz Termomodernizacji i Remontów*);
- the Liquidity Guarantee Fund (*Fundusz Gwarancji Płynnościowych*);
- the Tourist Refund Fund (*Turystyczny Fundusz Zwrotów*);
- the Inland Waterways Fund (*Fundusz Żeglugi Śródlądowej*);
- the Crisis Guarantee Fund (*Fundusz Gwarancji Kryzysowych*).
- the Government Housing Fund (*Rządowy Fundusz Mieszkalnictwa*);
- the Student Loan Fund (*Fundusz Kredytów Studenckich*);
- the Medical Studies Loan Fund (*Fundusz Kredytowania Studiów Medycznych*);
- the Ecological Surety and Guarantee Fund (*Ekologiczny Fundusz Poręczeń i Gwarancji*); and
- the Government Road Development Fund (*Rządowy Fundusz Rozwoju Dróg*) operating from January 2023.

### **COVID-19 Response Fund**

The COVID-19 Response Fund operates based on the Act of 31 March 2020 Amending the Act on Special Solutions Related to the Prevention and Combating of COVID-19, Other Infectious Diseases and the Crisis Situations Caused by Them and certain other domestic legislation. The COVID-19 Response Fund was created to finance or co-finance activities to counter the COVID-19 pandemic's effects on the Polish economy.

BGK manages the fund's payments and disbursements, acquires debt financing in the form of bond issues and loans, prepares a financial plan for the fund, which is agreed with the Minister of Finance and approved by the Prime Minister of the Republic of Poland, and prepares monthly reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

The funds raised by the COVID-19 Response Fund are transferred to public authorities or entities authorised by the Prime Minister, including various ministries or agencies of central government managing the support programmes. So far, the COVID-19 Response Fund has financed or co-financed healthcare services, temporary hospitals and diagnostic points costs, purchase of medical and protective equipment as well as the purchase of tests for detecting COVID-19 and loans for micro-enterprises affected by the economic downturn. In 2022, the COVID-19 Response Fund also subsidized investments made by local government units based on stand-by arrangements granted by BGK under the Polish Governance Fund: Strategic Investment Programme and financed purchases of strategic reserves. The Fund's expenditures also included the support for the tourism sector using the Polish Tourism Voucher, payments made under the so-called government energy and solidary "shields", carbon allowances paid by municipalities, compensation provided in the Act of 15 September 2022 on Special Solutions Relating to Certain Heat Sources in Connection with the Fuel

Market Situation, and compensation on the maximum price provided in the Act of 27 October 2022 on Emergency Measures to Limit the Amount of Electricity Prices and Support of Certain Consumers in 2023.

Each authority 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 the Republic of Poland.

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 State Treasury securities;
- loans and 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;
- repayment of loan liabilities, together with interest and other costs related to these loans, redeeming and paying 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 short-term temporary financing its activities; and
- reimbursing expenses incurred during the implementation of tasks related to counteracting the effects of the COVID-19 pandemic.

Total income of the COVID-19 Response Fund in 2022 was PLN 39,186 million, which represented 100 per cent. of the amount set out in the financial plan. The primary source of financing of the COVID-19 Response Fund was subsidies from the state budget, which amounted to PLN 12,474 million. Also, PLN 7,761 million was obtained from bond issuances. The COVID-19 Response Fund's expenditures totalled PLN 46,361 million, including PLN 43,200 million for the prevention of COVID-19.

As at 31 December 2022, the assets of the COVID-19 Response Fund amounted to PLN 160,619 million, which included PLN 12,132 million in cash and PLN 147,418 in other receivables. Liabilities under bonds issued for the benefit of the COVID-19 Response Fund amounted to PLN 149,377 million, and the fund recorded a net loss of PLN 3,062 million.

The issuance of debt securities is one of the main sources of financing for the COVID-19 Response Fund. As of the date of this Offering Circular, BGK has issued PLN 145,595 million in bonds to finance this fund, which were acquired by Polish institutional investors, EUR 2,300 million in bonds

to finance this fund, which were acquired by international institutional investors, and USD 400 million in bonds, which were acquired by a Polish institutional investor.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the COVID-19 Response Fund are serviced from the statutory proceeds of the COVID-19 Response Fund. All debt securities issued to finance the COVID-19 Response Fund benefit from a guarantee from the Guarantor.

### ***National Road Fund***

The purpose of the National Road Fund is financing road construction projects implemented under the government's National Roads Construction Programme. The National Road Fund is a vehicle for accumulating and channelling funds to finance the construction and reconstruction of motorways, expressways and other national roads, finance the implementation, construction and operation of a national tolling system, and to cover the costs of consulting services relating to the construction and upgrade of national roads, including under the following long-term government programs:

- Government National Road Construction Programme 2030 (with an outlook to 2033),
- Program for the Construction of 100 Bypass Roads 2020-2030,
- Safe Road Infrastructure Program 2021-2024.

BGK manages the fund's payments and disbursements, acquires debt financing in the form of bond issues and loans (mainly from the European Investment Bank), prepares a financial plan for the fund, which is agreed with the Minister of Finance and Minister of Infrastructure and is subject to the opinion of the Minister of Funds and Regional Policy, and prepares periodical (monthly, quarterly, yearly) reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

The National Road Fund is financed from the following sources:

- a charge which is included in the price of fuel;
- European Union funds;
- loans;
- toll collection;
- road tolls, fines and penalties; and
- debt securities issued by BGK that are designated for financing the National Road Fund.

The issuance of debt securities is one of the sources of financing for the National Road Fund. As of the date of this Offering Circular, the aggregate principal amount of bonds issued by BGK to finance the National Road Fund is PLN 2,270 million and EUR 3,650 million.

In 2022, the proceeds of the National Road Fund totalled PLN 27,146 million, which represented 108,1 per cent. of the planned amount including PLN 6,614 million from the fuel charge, PLN 5,607 million from reimbursement from the EU budget, PLN 6,138 million from loans and PLN 5,096 million from bonds.

Expenditures of the National Road Fund in 2022 amounted to PLN 23,498 million, including:

- payments related to the implementation of road projects: PLN 13,105 million;
- expenditures related to the funding of a toll collection system: PLN 290 million;
- expenditures related to the servicing of bonds and loans: 8,118 million;

- payments made to the operators of toll motorways: PLN 1,971 million.

As at 31 December 2022, the balance sheet total of the National Road Fund was PLN 68,010 million, an increase of 15.4 per cent. compared with the figure as at the end of 2021. Liabilities under loans incurred and bonds issued for the purposes of the National Road Fund, amounting to PLN 63,079 million, went up by 9.6 per cent. as compared to the end of 2021. In the year ended 31 December 2022, the National Road Fund suffered a loss of PLN 1,719 million as compared to a loss of PLN 1,622 million in the year ended 31 December 2021.

Payments of principal and interest on the Notes issued for the purposes of the National Road Fund (including the Guaranteed Notes) are serviced from the statutory proceeds of the National Road Fund. Any Notes to be issued under the Programme to finance the National Road Fund may be guaranteed by the Guarantor.

### ***The Armed Forces Support Fund***

The Armed Forces Support Fund was established under the Homeland Defence Act of 12 March 2022 to finance objectives specified in the Armed Forces development programme. Moreover, the resources of the Armed Forces Support Fund may be allocated to:

- redemption and payment of interest on the bonds issued to finance the Armed Forces Support Fund, and covering the costs of their issuance;
- repayment of loans liabilities, together with interest and other costs directly related to these loans;
- repayment of short-term temporary financing provided to the Armed Forces Support Fund from BGK's own funds; and
- repayment of liabilities arising from any payments made by the Guarantor under a guarantee for loans or bonds issued to finance the Armed Forces Support Fund.

The main sources of financing for the Armed Forces Support Fund are:

- transfers of proceeds coming from providing support to foreign troops, providing military training grounds and specialised military services;
- revenues due under the Act of 10 July 2015 on the Military Property Agency;
- damages, contractual penalties, returned advance payments, proceeds from exercised guarantees, securities and other funds received in the course of execution of contracts concluded for the benefit of the Armed Forces;
- proceeds from the State Treasury securities transferred to the Armed Forces Support Fund;
- debt securities issued by BGK;
- loans granted by financial institutions;
- payments from the state budget transferred by the Ministry of Defence; and
- other income.

The fund commenced its operation in April 2022. BGK manages the fund's payments and disbursements, acquires debt financing, prepares a financial plan for the fund, which is agreed with the Minister of Finance and approved by the Minister of Defence and prepares annual reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.



As of the date of this Offering Circular, there were no outstanding bonds issued by BGK to finance the Armed Forces Support Fund.

In 2022, the proceeds of the Armed Forces Support Fund totalled PLN 15,311 million, which represented 74.4 per cent. of the planned amount, including PLN 9,909 million from debt financing and PLN 4,990 million from the Armed Forces Modernization Fund.

Expenditures from the Armed Forces Support Fund in 2022 amounted to PLN 14,638 million, including PLN 14,496 million related to the financing of expenses indicated in the Armed Forces Development Programme and PLN 142 million related to servicing of the debt financing.

As at 31 December 2022, the balance sheet total of the Armed Forces Support Fund was PLN 10,635 million. Liabilities under debt financing incurred for the purposes of the Armed Forces Support Fund amounted to PLN 9,936 million. In the year ended 31 December 2022, the Armed Forces Support Fund achieved a profit of PLN 129 million.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Armed Forces Support Fund are serviced from the statutory proceeds of the Armed Forces Support Fund. All debt securities issued to finance the Armed Forces Support Fund benefit from a guarantee from the Guarantor.

### ***Aid Fund***

The Aid Fund was established under the Act of 12 March 2022 on Support for Citizens of Ukraine in Connection with the Armed Conflict There, to address the humanitarian crisis caused by the Russian invasion of Ukraine (the “**Aid Act**”). The purpose of the Aid Fund is to provide financing or co-financing support for Ukraine, in particular support for Ukrainian citizens affected by the armed conflict. Tasks financed by the Aid Fund may be implemented both in Poland and abroad.

The Aid Fund finances primarily:

- public administration activities concerning active forms of assistance to refugees, including health care benefits, social assistance benefits and Social Security benefits;
- support of local government units in the implementation of additional educational tasks related to the education, upbringing and care of children and students who are citizens of Ukraine, whose stay is legally recognized in Poland;
- activities related to national food security in connection with the armed conflict in Ukraine.

The Aid Fund is financed from the following sources:

- cash payments from certain public finance sector units;
- funds from the budget of the European Union which, with the consent of the European Commission, may be allocated to support the implementation of tasks related to providing support for Ukraine;
- payments from the state budget;
- proceeds from State Treasury securities;
- debt securities issued by BGK; and
- other income, including donations.

The fund commenced its operation in March 2022. The Aid Act does not specify the time frame of the Aid Fund’s operations which will depend on the situation related to the armed conflict in Ukraine.

As of the date of this Offering Circular, BGK has issued EUR 1,550 million in bonds to finance this fund. The issuance of debt securities is one of the sources of financing for the Aid Fund.

Proceeds of the Aid Fund in 2022 amounted to PLN 16,673 million, including PLN 6,170 million related to the issuance of bonds and PLN 10,107 million of funding from the State Treasury, EU funds and other public finance entities.

Expenditures of the Aid Fund in 2022 amounted to PLN 13,884 million, including PLN 13,880 million for financing of the funds statutory tasks.

As at 31 December 2022, the balance sheet total of the Aid Fund was PLN 6,433 million. Liabilities under bonds issued for the purposes of the Aid Fund amounted to PLN 6,137 million. In the year ended 31 December 2022, the Aid Fund achieved a profit of PLN 13 million.

Payments under debt securities issued by BGK to finance the Aid Fund (including any Notes to be issued under the Programme) should be made from the Aid Fund's funds. All debt securities issued to finance the Aid Fund are guaranteed by the Guarantor.

### ***Railway Fund***

The Railway Fund (RF), established at BGK under the Act on the Railway Fund of 16 December 2005 (as amended), has been functioning since 2006. The Railway Fund's objective is to accumulate funds and finance the construction, alteration, repair and maintenance of railways in Poland, and finance expenses relating to rail transport infrastructure. The Railway Fund also finances the decommissioning of redundant railways. The Railway Fund provides PKP Polskie Linie Kolejowe S.A., the national operator of rail infrastructure, with the funds necessary to cover its running costs. Apart from financing infrastructure investments, the Railway Fund can also finance the purchase and modernisation of rolling stock used for diagnosing, maintenance, repair or construction of railway infrastructure, rescue operations, supplies the State Treasury with funds necessary to cover the purchase price of shares in PKP Polskie Linie Kolejowe S.A. from Polskie Koleje Państwowe S.A., and may finance tasks of local governments in individual provinces related to the purchase, modernisation and repair of rolling stock used for the carriage of passengers.

BGK manages the fund's payments and disbursements, prepares a financial plan for the fund, which is agreed with the Minister of Finance and Minister of Infrastructure and is subject to the opinion of the Minister of Funds and Regional Policy, and prepares quarterly and yearly reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

The main source of financing for the Railway Fund is a charge which is included in the price of fuel. As of the date of this Offering Circular no debt securities were issued for the purposes of the Railway Fund.

Inflows to the Railway Fund in 2022 amounted to PLN 1,938 million, which included proceeds from the fuel charge of PLN 1,673 million.

The Railway Fund's expenditures in 2022 amounted to PLN 5,880 million (99.2 per cent. of the financial plan), including expenditures on financing of entities managing railroad infrastructure, including maintenance and repair of railroad infrastructure in the amount of PLN 4,508 million.

As at 31 December 2022, the Railway Fund had assets of PLN 3,372 million, down by 53.9 per cent. as compared with the figure as at the end of 2021. The main reason for the decrease was changes in the securities held by the fund.

In the year ended 31 December 2022, the Railway Fund achieved a profit of PLN 264 million as compared to profit of PLN 14 million in the year ended 31 December 2021.

All debt securities issued to finance the Railway Fund may benefit from a guarantee from the Guarantor.

### ***Borrower Support Fund***

The Borrower Support Fund was established in 2015 under the Act on Support for Housing Loan Borrowers in a Difficult Financial Situation and Certain Other Acts, dated 9 October 2015 (Journal of Laws of 2021, item 1516, as amended) in order to support borrowers in difficult financial situations. The 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 Borrower Support Fund provides support with respect to agreements between lenders and borrowers. Its amount is expressed in Polish zloty as the equivalent of the expected 36 monthly principal and interest payments under a housing loan agreement, provided that if the expected monthly principal and interest payment exceeds PLN 2,000, the amount of PLN 2,000 is used as the basis for the determination of the amount of support. The support is provided on an aggregate basis in monthly instalments to the lender's bank account.

The funds are derived from payments made by lenders in proportion to the size of their portfolio of housing loans to households, where the delinquency in payment of the principal or interest exceeds 90 days, repayments of the support funds as well as income on invested cash surplus of the Borrower Support Fund. For the year ended 31 December 2022, the payments of lenders amounted to PLN 1,911 million.

The initial value of the Borrower Support Fund was PLN 598.7 million. As at 31 December 2022, BGK had entered into agreements with 44 lenders regarding the implementation of the act. As at 31 December 2022, the Bank had registered 9,960 support agreements for a total amount of PLN 591 million. Expenditures from the Borrower Support Fund are in the form of financial disbursements and commissions. As at 31 December 2022, 59,753 instalments were paid in the amount of PLN 97 million (without refunds) and PLN 1 million of support disbursed was cancelled. The Fund received repayments of the provided support in the amount of PLN 5 million.

As at 31 December 2022, the balance sheet total of the Borrower Support Fund was PLN 1,873 million as compared to PLN 604 million in 2021. The Borrower Support Fund reported a net profit of PLN 33 million in 2022 as compared to a net loss of PLN 1 million in 2021.

### ***Subsidy Fund***

The Subsidy Fund provides financial assistance under the following programmes:

- interest subsidies on fixed rate mortgage loans, pursuant to which the fund co-finances the interest payments under mortgage loans granted to individuals;
- financial support for families and other 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.

Interest subsidies for fixed-rate housing loans are granted under the Act on Interest Subsidies for Fixed-Rate Housing Loans of 5 December 2002 (as amended). Under the fixed-rate housing loan interest subsidy programme, BGK continued its cooperation with banks with regard to the settlement of interest subsidies and surplus interest paid by borrowers under fixed-rate loans advanced by lending banks between 2003 and 2005. BGK grants subsidies in periods when the contractual interest based on a fixed interest rate (6.5 per cent.) is lower than the statutory 3-month WIBOR rate plus 1.5 per cent. If the contractual interest is higher, excess interest paid by borrowers is subject to settlement.

Activities in relation to the management of the Family Own Home programme (a mortgage programme for families) were carried out on the basis of the Act on Financial Aid for Families and Other Persons Buying Their Own Apartment of 8 September 2006 (as amended). They included day-to-day management of preferential loan interest subsidy agreements entered into with the lending banks, maintenance of the register of target preferential loan borrowers, payment of subsidies due as well as conducting inspections at the lending banks to verify compliance of granted loans and subsidies with the regulations in force. As at 31 December 2022, the lending banks had indicated that the 8-year subsidy period had expired for all loans granted. In September 2022, the last disbursement of interest subsidies on preferential loans under the Family Own Home programme was made. A further servicing of current loans may be required in relation to the settlement of subsidies. From the launch of the programme to 31 December 2022, the total subsidies transferred to lending banks in relation to preferential loans were PLN 4,591 million.

Activities related to the management of the municipal and rental housing programme were carried out on the basis of the Act on the Financial Aid For Certain Housing Projects dated 8 December 2006 (as amended), and in 2022 consisted of the acceptance, evaluation and qualification of applications for financial support, as well as the execution and management of agreements from 2017-2022. The amount disbursed under the programme from its launch in 2006 until 31 December 2022 totalled PLN 2,580 million, of which PLN 1,129 million was disbursed in 2022.

In 2022, 350 applications were considered eligible for support from the Subsidy Fund in the aggregate amount of PLN 866 million. In 2022, 442 agreements were concluded for an aggregate of PLN 1,162 million in support and 24 applications for signing an annex to increase the support amount were considered eligible for support from the Subsidy Fund. In 2022, investors completed and settled 201 projects, resulting in the construction of 2,446 housing units, 43 assisted accommodation units and the creation of 7 beds in lodging houses for the homeless.

BGK's activities related to the management of the Apartment for the Young (*Mieszkanie Dla Młodych*) programme were carried out on the basis of the Act on State Aid Provided for the Purchase of the First Flat by Young People of 27 September 2013 (as amended) and in 2022 consisted in maintaining a record of buyers and their children meeting the statutory requirements to obtain the financial support, granting the additional co-financing for the repayment of a part of the loan based on requests for additional financial support submitted by credit institutions, paying the additional financial support from the Subsidy Fund and carrying out controls at lending institutions, involving verification of whether a loan advanced complied with the provisions of the Act and terms of the agreement between the lending institution and BGK. From the launch of the programme until 31 December 2022, BGK transferred financial support totalling PLN 3,026 million to lending institutions as loans with a subsidy to own contribution and as additional financial support, including PLN 2 million in 2022.

The Subsidy Fund also supports residential construction. From the launch of the programme until 31 December 2022, BGK disbursed a total of PLN 214 million as loan interest subsidies. Under the Tripartite Agreement (setting out detailed terms of interest subsidies for loans or bonds, as referred to in Article 15c.2 of the Act on Certain Forms of Support for Residential Construction), concluded on

23 May 2016 between BGK, the Ministry of Infrastructure and Construction and the Ministry of Finance, the proceeds of the Subsidy Fund from the payment of a portion of a loan relief are transferred to a separate account of the Subsidy Fund maintained for purposes of managing the Social Rental Housing Programme.

In accordance with the Act on Certain Forms of Support for Residential Construction of 26 October 1995 (as amended), the title to apartments managed by social housing associations and housing cooperatives, built with the use of BGK loans, may be transferred to the tenants. A contribution from the State budget, proceeds from the payment of a portion of a loan relief attributable a given apartment and income on the Bank's investment of these funds increased the Subsidy Fund by PLN 88 million in 2022, thus increasing the balance of these funds in the Subsidy Fund to PLN 555 million. Loan interest subsidies paid until 31 December 2022 amounted to PLN 214 million, including PLN 32 million in 2022.

The activities related to the management of the Housing for a Start (*Mieszkanie na Start*) programme were carried out under the Act on State Subsidies to Household Expenses in the First Years of Tenancy, dated 20 July 2018 (as amended), and in 2022 consisted of accepting applications submitted by municipalities for the conclusion of subsidy agreements, reviewing applications, and executing relevant agreements with municipalities. From the launch of the programme until 31 December 2022, the subsidies to be paid out amounted to PLN 10 million, including PLN 6 million paid out in 2022.

In 2022, the Subsidy Fund received a state budget grant of PLN 943 million, including PLN 2 million earmarked for the Apartment for the Young programme, PLN 6 million for the Housing for a Start programme and PLN 869 million for the non-repayable construction support programme. In addition, in 2022, a PLN 67 million subsidy from the state budget was credited to the account separated within the Subsidy Fund for the purpose of managing the social rental housing (SRH) programme.

As at the end of December 2022, the assets of the Subsidy Fund (including social rental housing funds) amounted to PLN 1,699 million and decreased by PLN 215 million from the end of 2021. The net profit generated in 2022 by the Subsidy Fund was PLN 86 million, as compared to a loss of PLN 4 million in 2021.

### ***Government Housing Development Fund***

The Government Housing Development Fund operates on the basis of the Act of 10 December 2020 on Amending Certain Laws Supporting Housing Development, the Act of 26 October 1995 on Social Forms of Housing Development (as amended), and the agreement of 8 March 2021 on the principles of servicing the Government Housing Development Fund concluded between the Minister of Development and Technology and BGK.

The role of the Government Housing Development Fund is to improve the availability of housing for rental purposes by stimulating the market for new housing to be built by the Social Housing Initiative. The situation caused by the COVID-19 outbreak in 2020 has significantly reduced local government budget revenues, which could result in a reduction in their activity in supporting this type of investment in the coming years.

The Government Housing Development Fund's funds are used to finance part or all of a municipality's expenses for taking up shares in the projects of the Social Housing Initiative that are being created or already operating.

In 2022, the Government Housing Development Fund received a PLN 300 million subsidy from the COVID-19 Response Fund for the implementation of its statutory tasks. In addition, in December 2022, the Government Housing Development Fund received Treasury notes from the Minister of Funds and Regional Development with a nominal value of PLN 900 million.

In 2022, BGK received 177 payment instructions regarding the Government Housing Development Fund from the National Property Resource, based on which 186 instructions were executed (including 9 instructions received in 2021) for a total of PLN 484 million in financial support to municipalities.

As of the date of this Offering Circular, the Government Housing Development Fund cannot be financed by the issuance of debt securities.

### ***National Guarantee Fund***

The National Guarantee Fund has been operated by BGK since January 2018 under the Act on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons of 8 May 1997 (as amended) as part of the government programme “*Supporting Entrepreneurship through BGK Sureties and Guarantees*”. The establishment of the Fund was aimed at implementing the guarantee model in line with the Strategy for Responsible Development as an instrument of systemic strategic intervention in the SME sector that mobilises public and private funds for the implementation of state policy. The establishment of the National Guarantee Fund makes it possible to use funds released from financial instruments of operational programmes at the central level of the current and previous financial framework of the European Union, funds reallocated from BGK’s capital and any voluntary participation of stakeholders within any timeframe, thus diversifying the source of financing for *de minimis* guarantees. The state budget plays a supplementary and supporting role as the guarantor of the system’s liquidity.

In 2022, in relation to the Russian invasion of Ukraine, as well as the sanctions imposed by the European Union and the retaliatory measures introduced by Russia and Belarus, the terms and conditions of *de minimis* guarantees were extended twice - in June 2022 until 31 December 2022, and then in December 2022 until 30 June 2023.

At the end of 2022, BGK ceased to provide portfolio lease guarantees with a counter-guarantee provided by the European Investment Fund from the Pan-European Guarantee Fund. From 1 January 2023, BGK implemented the Minimum Portfolio Lease Guarantee Line (LGL-NGF), which will be a continuation of the guarantee offer for leases.

In 2022, the National Guarantee Fund provided 83,358 *de minimis* guarantees for an aggregate amount of PLN 37,816 million. In 2022, 4,807 guarantees from the LGL-EGF were provided for an aggregate of PLN 881 million.

In 2022, the National Guarantee Fund received PLN 7 million from EU sources. It was not necessary to transfer any funds from the state budget to cover the costs and expenses of the National Guarantee Fund.

As at 31 December 2022, the balance sheet total of the National Guarantee Fund was PLN 650 million. The National Guarantee Fund reported a net profit of PLN 24 million in 2022.

The National Guarantee Fund can be financed by the issuance of debt securities. Payments of principal and interest on the Guaranteed Notes issued for the purposes of the National Guarantee Fund are serviced from the statutory proceeds of the National Guarantee Fund. Any Notes to be issued under the Programme to finance the National Guarantee Fund will be guaranteed by the Guarantor.

### ***Polish Science Fund***

The key objective of the Polish Science Fund is to finance scientific research of particular importance to the Polish economy, facilitating the development of innovative products as well as assisting organisations in implementing innovative organisational models for research and development activities. The Fund operates under the Act on Supporting Scientific Activities from the Polish Science Fund of 4 April 2019 (as amended) and the agreement between the Ministry of Science and Higher Education and BGK of 19 June 2019.

As of the date of this Offering Circular, no debt securities were issued by BGK for the purposes of the Polish Science Fund. Any Notes to be issued under the Programme to finance the Polish Science Fund may be guaranteed by the Guarantor.

On 18 June 2019, BGK transferred PLN 500 million to the Polish Science Fund, reducing the Bank's statutory capital. In 2022, research funding granted by the Polish Science Fund amounted to PLN 9 million and payments related to the costs of tasks completed by the manager (an entity managing the virtual research institute appointed by the minister competent for science) amounted to PLN 3 million.

### ***Thermo-modernisation and Renovation Fund***

The Thermo-modernisation and Renovation Fund provides public assistance for thermal efficiency improvement and repair projects, low emissions projects and the purchase, assembly, construction and improvement of renewable energy sources. The Thermo-modernisation and Renovation 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 Thermo-modernisation and Renovation Fund.

In 2022, the Thermo-modernisation and Renovation Fund also performed tasks related to co-financing of low-emission projects. The goal of the Stop Smog programme is to eliminate or replace heat sources with low-emission ones and to ensure thermal modernisation of single-family houses owned by persons in fuel poverty. This form of support financed from the Thermo-modernisation and Renovation Fund is considered as state aid for municipal low-emission programmes set up to reduce the emission of pollutants and improve air quality. Projects are implemented based on an agreement concluded with a municipality by the National Fund for Environmental Protection and Water Management for and on behalf of the minister competent for climate.

In 2022, the Thermo-modernisation and Renovation Fund performed the tasks specified in the Act on Supporting Thermal Modernisation and Refurbishment and on the Central Register of Emissivity of Buildings of 21 November 2008 (as amended), consisting of awarding three types of bonuses: thermal modernisation, renovation and compensation bonus, and executing payment instructions for funds earmarked for co-financing of low-emission projects as part of the Stop Smog programme. In addition, the Thermo-modernisation and Renovation Fund made payments of bonuses awarded in 2022 and previous years in accordance with the rules specified in the said act. From 1 December 2022, the new grant and bonus aimed at improvement and repair projects related to the municipal housing stock and thermal modernisation grant are available under the Thermo-modernisation and Renovation Fund.

As of the date of this Offering Circular, the Thermo-modernisation and Renovation Fund cannot be financed by the issuance of debt securities.

In 2022, BGK granted the thermal modernisation bonus, the repair bonus and the compensation bonus in partnership with 10 lending banks. In addition, BGK cooperates with two institutions that are responsible for verification of audits and documentation concerning improvement to prefabricated concrete apartment blocks. BGK paid bonuses in a total amount of PLN 120 million.

With respect to the Stop Smog programme, 11 agreements with municipalities were under management with a total value of PLN 57 million. Based on the agreements, 32 payments were made for a total of PLN 20 million.

In 2022, the amount appropriated from the government budget to the Fund totalled PLN 42 million.

As at 31 December 2022, the balance sheet total of the Thermo-modernisation and Renovation Fund amounted to PLN 532 million compared to PLN 532 million as at 31 December 2021. The Fund reported a net profit of PLN 18 million for 2022 as compared to loss of PLN 4 million in 2021.

### ***Liquidity Guarantee Fund***

The establishment of the Liquidity Guarantee Fund is another measure supporting Polish businesses affected by the COVID-19 pandemic. The Liquidity Guarantee Fund provides guarantees for loans and guarantees on factoring.

The loans with a guarantee from the Liquidity Guarantee Fund are provided by Polish commercial and cooperative banks and taken by medium and large enterprises seeking to improve their liquidity during the difficulties caused by the COVID-19 pandemic.

Guarantees on factoring are a new instrument that was introduced in September 2020. Its purpose is to ensure financial liquidity for companies by increasing access to financing in the form of recourse factoring and reverse factoring, including allowing the continuation of agreements for factoring limits granted by the factor. The final beneficiaries of the measure are small, medium and large enterprises operating in Poland. However, financial institutions are not eligible final beneficiaries. The guarantees will be granted through factors, i.e., banks or factoring companies granting factoring limits.

The support under the Liquidity Guarantee Fund was 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 social security funds.

Pursuant to the European Commission's decision of 22 December 2021 (State Aid SA.100902 2021/N Poland) (C(2021) 9960 final), BGK was allowed to provide guarantees from the Liquidity Guarantee Fund until 30 June 2022.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Liquidity Guarantee Fund are serviced from the statutory proceeds of the Liquidity Guarantee Fund. All debt securities issued to finance the Liquidity Guarantee Fund benefit from a guarantee from the Guarantor.

In 2022, 1,326 guarantees were provided for PLN 10.676 million, including 486 factoring limit repayment guarantees for PLN 1,944 million.

### ***Tourist Refund Fund***

The Tourist Refund Fund operates on the basis of the amended Act of 2 March 2020 on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them.

The payments from the Touristic Refund Fund are available to travellers who have not received a refund or have not agreed to accept a voucher for a trip, flight or hotel reservation that was cancelled due to the COVID-19 pandemic. The acceptance of applications and payments of funds to travellers will be carried out by the Insurance Guarantee Fund. The Fund also operates based on the agreement between the Ministry of Development, Labour and Technology and BGK dated 29 October 2020.

The sources of funding for the Touristic Refund Fund are:

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

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

The total amount of repayments to the Tourist Refund Fund in 2022 amounted to PLN 31 million.

### ***Inland Waterways Fund***

In accordance with the Act on Financial Support of Inland Shipowners, the Inland Waterways Fund and the Reserve Fund, dated 31 July 2019 (as amended), the Inland Waterways Fund created at BGK under the Act on the Inland Waterways Fund and the Reserve Fund of 28 October 2002 became the



Inland Waterways Fund within the meaning of the new Act, assuming its existing assets and liabilities and equity and commenced operations as a cash flow fund operated by BGK.

The purpose of the Inland Waterways Fund is to support inland waterway transport by co-funding fleet upgrades and other projects aimed at restructuring inland waterway transport, including environmental projects and safety improvement projects. The Inland Waterways Fund may also provide refinancing of the costs of acquiring shipping equipment.

In particular, the Inland Waterways Fund finances payments to inland shipowners under advanced preferential loans. The refinancing of the purchase of ship equipment and cancellations of part of preferential loans are made with the related costs and are charged against the fund. The support to shipowners from the Inland Waterways Fund constitutes *de minimis* aid and is provided by BGK in compliance with the terms specified in Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid. By operating the fund, the Bank manages the fund's resources from grants from the National Fund for Environmental Protection and Water Management (*Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej*) and state budget subsidies.

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

As at 31 December 2022, the balance sheet total of the Fund was PLN 55 million as compared to PLN 51 million as at 31 December 2021.

### ***Crisis Guarantee Fund***

The Crisis Guarantee Fund was established under the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country, in order to provide guarantees and sureties for the repayment of loans or other obligations incurred by entrepreneurs. The operations of the Crisis Guarantee Fund are focused on:

- coverage of costs and expenses related to the granting of sureties and guarantees for the repayment of loans or other obligations incurred by entrepreneurs, including disbursements from such sureties and guaranties;
- repayment of liabilities on account of borrowings, loans and bonds issued, including to cover the costs of bond issuances; and
- reimbursement to BGK of its own funds spent on financing the timely handling of the Crisis Guarantee Fund's activities, together with remuneration for such financing, in an amount to be agreed with the Minister responsible for public finance.

The Crisis Guarantee Fund is financed from the following sources:

- commission fees for sureties and guarantees financed with the Crisis Guarantee Fund's funds;
- proceeds from recoveries of amounts paid by BGK in performance of a surety or guarantee agreement financed from the Crisis Guarantee Fund's funds;
- interest on the Crisis Guarantee Fund's funds;
- funds from the state budget provided by the Minister responsible for public finance;
- donations and bequests;
- loans incurred by BGK;
- debt securities issued by BGK; and

- other income.

The fund commenced its operation in July 2022. In 2022, the Crisis Guarantee Fund granted 825 guarantees in a total amount of PLN 6,383 million, including 178 factoring guarantees in a total amount of PLN 656 million.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Crisis Guarantee Fund are serviced from the statutory proceeds of the Crisis Guarantee Fund. All debt securities issued to finance the Crisis Guarantee Fund benefit from a guarantee from the Guarantor.

### ***Government Housing Fund***

The Government Housing Fund operates on the basis of the Act of 1 October 2021 on Guaranteed Housing Loans, which introduced solutions implementing the socio-economic programme “Polish Deal” (*Polski Ład*).

The Government Housing Fund’s goal is to improve the ability of households to meet their housing needs through elimination of the barrier of insufficient own funds that are required by lending banks as the borrower’s own contribution to provide a mortgage loan by offering the ability to cover the loans with BGK’s guarantees, as well as to stop negative demographic trends related to a low level of fertility in families repaying mortgage loans incurred to satisfy their own housing needs by making family repayments when a second or subsequent child is born into the borrower’s household.

The resources of the Government Housing Fund will be used to cover costs and expenses of BGK related to the provision of guarantees, including payments made under the guarantees and family repayments of the principal of housing loans backed by BGK’s guarantee.

The fund commenced its operation in May 2022. In 2022, the Government Housing Fund was provided with a grant from the state budget in the amount of PLN 2 million. There were no guarantee payments or family repayments in 2022.

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

### ***Student Loan Fund***

As of 1 January 2019, the Student Loan and Credit Fund changed its name to the Student Loan Fund, which operates under the Act on Higher Education and Science of 20 July 2018 (as amended) and the Regulation of the Minister of Science and Higher Education on student loans of 20 December 2018 (as amended). The statutory objective of the Fund is to provide wider access to tertiary education through a system of preferential student loans in the form of loan interest subsidies and partial or complete forgiveness of loans. In accordance with the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts, a repayment of a student loan may be covered by BGK’s surety of up to 100 per cent. of the principal and interest, and if it is not possible to recover the claim under the surety, the surety provider may cancel the claim in whole or in part. Since 18 December 2021, when the amendment of the act became effective, interest on student loans is floating and constitutes the sum of the lending institution’s margin and a 1.2 multiplied by the rediscount rate of the NBP, provided that the lending institution’s margin is fixed over the lending period and cannot exceed 2 percentage points. The Student Loan Fund is financed by the State Treasury.

Since the launch of the student loan system, over 409 thousand students have obtained such loans. In 2022, the Student Loan Fund disbursed PLN 23 million in interest subsidies for student loans, while student loans cancelled, either in whole or in part, amounted to PLN 2 million.

In 2022, the Student Loan Fund received a state budget grant of PLN 28 million. PLN 0.2 million of this was unused in 2022, and was refunded to the Ministry of Education and Science in January 2023. The grant was sufficient to ensure ongoing and timely provision of subsidies in 2022.

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

### ***Medical Studies Loan Fund***

The Medical Studies Loan Fund was set up under the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts. The fund has the following goals:

- increasing the availability of medical studies;
- reducing the number of health professionals migrating abroad; and
- increasing the number of specialists through a system of preferential loans for paid medical studies programmes in the Polish language.

Students can benefit from subsidies for interest on loans for medical studies, sureties of those loans provided by BGK, and partial or full forgiveness of loans for medical studies.

Loans covered by the Medical Studies Loan Fund are serviced by Bank Pekao SA based on the agreement dated 13 July 2022. By 31 December 2022, 1.7 thousand loan agreements with a total value of PLN 314 million were concluded.

In 2022, the Medical Studies Loan Fund received a grant from the Ministry of Health in the total amount of PLN 1 million. From the funds of the grant, interest subsidies on loans for medical studies in the total amount of PLN 0.5 million were paid.

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

### ***Ecological Surety and Guarantee Fund***

The Ecological Surety and Guarantee Fund operates on the basis of the Act of 28 October 2020 on Amending the Act on Supporting Thermomodernisation and Renovations and Certain Other Acts and under the rules set forth in the Act of 27 April 2001 - Environmental Protection Law. The Ecological Surety and Guarantee Fund was established in BGK on 1 January 2021.

The key objective of the Ecological Surety and Guarantee Fund is to expand the instruments of influence of the “Clean Air” governmental intervention programme managed by the National Fund for Environmental Protection and Water Management and is to be implemented by 16 local environmental protection and water management funds. The programme aims to increase the energy efficiency of single-family residential buildings and reduce emissions of dust and other pollutants into the atmosphere from single-family residential buildings by replacing old, inefficient solid fuel heating equipment and carrying out thermal upgrades of these buildings.

The operation of the Fund is related to the implementation of the governmental “Clean Air Guarantee Program” with the use of BGK guarantees.

As of the date of this Offering Circular, the Ecological Surety and Guarantee Fund cannot be financed by the issuance of debt securities.

In 2022, 1,446 guarantees in the total amount of PLN 55 million were granted under the Ecological Surety and Guarantee Fund.

### ***Government Road Development Fund***

Since 1 January 2023, BGK has also operated a Government Road Development Fund, which was established as a result of the transformation of the state special-purpose fund into a flow fund under the Act of 5 August 2022 amending the Act on the Government Road Development Fund and certain other laws. The purpose of the fund is to support local government units in improving traffic safety

and technical parameters of the local road network, as well as improving and increasing the attractiveness and accessibility of investment areas. The fund can be used to subsidize:

- construction, reconstruction and repair of district roads and municipal roads;
- construction of bridges located along provincial, district and municipal roads;
- construction of bypasses located along provincial roads;
- construction, reconstruction or repair of access to intermodal terminals or construction, reconstruction or repair of access to special economic zones;
- pedestrian roads, bicycle paths, pedestrian crossings, bicycle crossings, bus stop platforms and access to these platforms on district and municipal roads and on provincial roads; and
- construction, reconstruction or repair of accesses to intermodal terminals or construction, reconstruction or repair of accesses to special economic zones.

The fund may also finance construction, reconstruction and repair of provincial, county and municipal roads of defence significance.

As of the date of this Offering Circular, Government Road Development Fund cannot be financed by the issuance of debt securities.

### **Operations of Group Entities**

The Group's operations include in particular:

- equity investment operation;
- reindustrialisation and infrastructure project financing;
- foreign expansion financing;
- Three Seas Initiative Investment Fund activities;
- financing of new technologies;
- other operations of BGK's associates.

Equity investment operations are carried out by investment funds, either directly or indirectly through other entities such as special purpose vehicles.

Activities in the area of reindustrialisation and infrastructure project financing are managed by PFR TFI S.A., a company owned by Polski Fundusz Rozwoju S.A. (*Polish Development Fund*). In order to support the foreign expansion of Polish businesses, the dedicated investment fund is managed directly by PFR TFI S.A. In addition, the Bank holds shares in KUKI S.A., with which the Bank cooperates on the implementation of a government export support programme and on securing debt financing transactions as part of foreign trade.

As at 31 December 2022, the Group entities responsible for equity investment activities included Fundusz Ekspansji Zagranicznej FIZ AN and vehicles for investment expansion in the high-technology sector established in 2021, namely, a Manager of Alternative Investment Companies (Vinci S.A.) and alternative investment companies (Vinci S.A. HiTech ASI S.K.A. and Vinci S.A. IQ ASI S.K.A.).

PFR Fundusz Inwestycyjny FIZ AN is a fund established to support investments made by entities whose activity is closely connected with the Polish economy. The Fund specialises in manufacturing companies and companies providing services to the industrial sector. Its investment strategy stipulates

that the fund will finance the investments of entities with the majority of their production capacity or revenue sources located in the territory of Poland.

PFR Fundusz Inwestycyjny FIZ AN also finances investments in the following sectors: fuel and energy, chemical products and raw materials, consumer goods, trade and services, healthcare, industrial and construction and assembly production, technology, media and telecommunications, infrastructure projects. Financing can be provided either as equity or debt financing and can be used to finance new assets or modernise existing assets. The fund focuses its investments in Poland, but may also finance cross-border projects.

The issue price of investment certificates held by BGK as at 31 December 2022 was PLN 1,910 million (fully paid).

The Group supports foreign expansion of Polish businesses through Fundusz Ekspansji Zagranicznej FIZ AN managed by PFR TFI S.A. The fund invests jointly with Polish partners in projects related to the establishment of new or acquisition of existing companies outside the borders of Poland. The fund does not have a narrow sector focus.

The fund seeks to achieve its investment objective mainly by purchasing and subscribing for shares and debt securities issued by project companies, advancing loans to project companies as well as providing sureties and guarantees at the request of project companies.

As at 31 December 2022, the total issue price of Fundusz Ekspansji Zagranicznej FIZ AN certificates amounted to PLN 394 million.

By establishing three subsidiaries, Vinci S.A. (Manager of Alternative Investment Companies), Vinci S.A. HiTech ASI S.K.A. and Vinci S.A. IQ ASI S.K.A. BGK expanded the scope of its activities in high-technology sectors.

Vinci S.A. HiTech ASI S.K.A. was established with the purpose of investing in Polish businesses in the advanced technologies sector, including the automotive, biotechnology, power generation, space, and ICT industries, as well as industry 4.0. The new investment vehicle's mission is to make investments that fill the identified gap in financing of innovative projects in Poland, in particular those classified between venture capital and private equity. Investments in portfolio companies are made using equity instruments (such as shares, contributions to partnerships and derivatives) and by providing financing based on debt instruments, including bonds, convertible bonds or loans.

Vinci S.A. IQ ASI S.K.A. is a new entity searching for innovative Polish research projects. The company operates as an early stage investment fund focused on advanced science or technological projects or projects with patent capacity or commercialization potential.

The Group's equity-accounted associates include KUKA S.A., which cooperates with the Bank to carry out activities aimed at supporting exports and foreign expansion of Polish businesses, 13 companies providing sureties (surety funds), 11 of which are classified as associates, and Krajowa Grupa Poręzeniowa sp. z o.o.

## **IT and operations**

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

In 2021, the IT System Upgrade Programme was launched to modernise key systems in the IT infrastructure and to reduce technological debt, which will enhance the effectiveness of supported business processes, enable their automation and ensure faster adjustment to the changing needs of

BGK's stakeholders. The programme envisages modernisation of the central system DefBank and migration of processes onto a new platform Ferryt Enterprise and is scheduled to complete in 2024.

As of the date of this Offering Circular, the technological implementation of the Payment Platform is ongoing. The new Payment Platform is expected to centralise and automate payment settlements in a single IT solution by taking over functionalities of the existing systems. In continuation of the project, production deployment of settlement channels SORBNET2, TARGET2, and SWIFT is ongoing. The deployment for SORBNET2 was completed in 2022 and the deployment for other settlement channels are expected to be completed in 2023.

In the second half of 2021, the Electronic Channel Platform project was launched with a view to implementing solutions supporting electronic channels of communication with the Bank through web services and implementing an online banking system (BE) that will replace bgk24. The implementation of web services will enable automation of customer service and improve the customer experience, while ensuring cost-effective development. Implementation of the new Electronic Channels Platform will take place in stages - web services will be available in the second quarter of 2023 and electronic banking in the third quarter of 2023.

### **Real properties**

BGK's owns or leases various real estate properties. The main properties include its headquarters and branch offices in Poland and office space at ul. Chmielna 73, 00-801 Warsaw, Poland. BGK also leases office space in Brussels and Frankfurt.

### **Material agreements**

There are no material agreements executed by the Group that are not entered into in the ordinary course of the Group's business, which could result in any entity in the Group being under an obligation or entitlement that is material to BGK's ability to meet its obligations under the Notes.

As of the date of this Offering Circular, BGK and the Group do not depend on any industry, trade or financial agreements.

### **Legal proceedings**

To the best of BGK's knowledge, as at 31 December 2022, it was a party to 135 court cases in which it acted as the plaintiff and 44 in which it acted as the defendant. No individual case's value exceeds 5 per cent. of BGK's equity. As at 31 December 2022, the value of the Group's provisions for litigation and legal risks was PLN 37 million. BGK does not establish provisions associated with the risk of losing a lawsuit when the probability of losing such lawsuit is less than 50 per cent.

### **Employees**

As at 31 December 2022, the Group had 2,022 employees (full-time equivalents) compared to 1,885 employees (full-time equivalents) as at 31 December 2021 and 1,859 employees (full-time equivalent) as at 31 December 2020.

BGK's remuneration policy is consistent with its strategy, values and acceptable risk. The remuneration policy meets Polish legal requirements, compliance principles, is gender neutral, and complies with external guidelines and regulations which BGK is obliged to follow. The policy supports the implementation of the Bank's business and risk management strategy and limits conflicts of interests at BGK. It does not encourage the taking of excessive risk exceeding the general risk levels approved by the Supervisory Board, and it supports BGK's ESG goals.

The primary internal regulation in the area of the remuneration policy applicable to BGK employees is the "*Remuneration Rules for Employees of Bank Gospodarstwa Krajowego*", which sets out the terms of employee remuneration, including rules of award and payment of variable remuneration, and award of other work-related benefits. The bonus scheme applied at BGK supports its strategy through

rewarding employees for meeting their targets. The disbursement of funds as part of the annual bonus is conditional on BGK recording a net profit for the year for which the bonus is to be paid and its amount is determined based on an assessment of employees and their performance against individual targets.

The principles that govern the remuneration of persons serving as members of the Management Board are based on the Act on Rules of Remunerating Persons Who Manage Certain Companies of 9 June 2016 and the Declaration of the Minister of Finance of 14 October 2016 on rules for specifying the remuneration of the Members of the Management Board of BGK.

### **Sustainable development**

Sustainable development is one of the core drivers of BGK's strategy for 2021–2025.

BGK aims to promote socio-economic development in a manner which creates better living conditions for future generations. In order to achieve this goal, BGK undertakes several initiatives. In particular, BGK is striving to raise sustainable development awareness among its employees so that they can most effectively develop and use their competencies in support of BGK's mission.

Taking into account BGK's unique role in the market as the state development bank, BGK has aligned its internal regulations and processes with the requirements of national and EU regulators and market best practices in respect of environment, social and governance issues.

BGK is continuously developing its approach to ESG risk management and evaluating its counterparties and partners in this area. In 2022, BGK continued to implement the Sustainable Development Project, which was formally completed in the first quarter of 2023. The Sustainable Development Project covered activities related to, among other things, communication activities addressed to BGK's employees, guidelines for internal policies and strategies and ESG guidelines for the assessment and classification of transactions. The project team developed processes for ESG risk disclosures as well as for collecting and reporting ESG data.

Moreover, the ESG Committee has been functioning at BGK since 1 January 2023, with a Chief ESG Officer being a member of the Board of Directors, and the committee also includes members responsible for individual areas of environmental, social and corporate governance. At the beginning of 2023, BGK also implemented comprehensive ESG Risk Management Principles, including detailed solutions in the area of non-financial data acquisition and ESG risk assessment of each financing.

## RISK MANAGEMENT

### *Overview*

BGK's risk management system is organised on three independent levels. The first level comprises the management of risk at the day-to-day operational level. The second level comprises the compliance function and risk management by employees in positions or organisational units established specifically for that purpose, and is independent of risk management under the first level. The third level comprises operations carried out by BGK's internal audit department.

The objective of risk management is to maintain the stability and security of operations, as well as a high quality of assets, and to achieve the anticipated financial results at an acceptable risk level.

The risk management system is based on:

- the strategy for risk management, which has been approved by BGK's Supervisory Board;
- the capital management and internal capital assessment policy, which has been approved by BGK's Supervisory Board;
- risk management policies, principles and procedures related to risk identification, measurement or assessment, monitoring, control and reporting, developed in written form and approved by BGK's Supervisory Board or Management Board;
- internal regulations on risk management approved by relevant committees appointed by BGK's Management Board; and ethical rules, principles of selection, remuneration and monitoring of employees performing crucial functions for BGK and the policy governing variable remuneration components of persons 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) and areas exposed to a given type of risk related to products, projects, processes, procedures and Business Model programmes;
- 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 the relevance and accuracy of the applied risk assessment methods and the evaluation of the 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 are then cascaded down through BGK's organisational structure.



For details of the Group's management process please see: Note 44 *Risk management at the Group* and Note 45 *Credit risk management to 2022 Consolidated Financial Statements*.

### ***Organisation of the credit risk management process***

To identify credit risk and mitigate it to an acceptable level, and to continuously control the effectiveness of its actions, BGK uses a credit risk management process that comprises risk identification, measurement or assessment, monitoring, control (including mitigation) and reporting, together with an assessment of the efficiency of the adopted risk mitigation measures.

Credit risk management is carried out regarding:

- customer risk, accounting for individual credit exposures;
- loan portfolio risk; and
- credit risk and concentration risk related to the activities of subsidiaries.

BGK identifies and assesses existing credit risk based on:

- the implementation of internal procedures enabling the assessment of creditworthiness for individual borrowers and the 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 the regional and head office levels of BGK;
- conducting a comprehensive individual credit risk assessment for all customers and transactions, so as to assign them to a specific credit risk category;
- the application of expert and statistical methods for measuring credit risk arising from transaction and customer risk, supporting the estimation of the probability of default and the amount of loss in the event of a default;
- a system for measuring portfolio risk by assessing its concentration by industry, sector, type of product and borrower;
- a system of decision-making competencies;
- regular verification of the risk of past transactions, including changes in the financial condition of borrowers and in BGK's environment;
- diversification of industries sectors, types of products and borrowers, within the resource exposure limits set out by BGK;
- determination of impairment allowances on credit exposures;
- analysis and verification of valuation principles related to loan collateral; and
- a system for monitoring exposures and related collateral, thereby allowing threats to be identified early.

The system of limits constitutes one of the credit risk management tools at BGK. Limits are established at both operational and strategic levels in line with the relevant responsibilities.

The following limit groups are used for credit risk:

- industry limits reflecting the risk inherent in the customer’s core business;
- objective limits, resulting from the risk related to the purpose of a loan;
- subjective limits, defined depending on the customer type; and
- product limits.

Since 1 January 2018 impairment allowances at BGK have been recognised in accordance with International Financial Reporting Standard 9 (Financial Instruments) (“**IFRS 9**”). IFRS 9 provides for the calculation of impairment allowances based on expected credit losses and taking into account forecasts and expected future economic conditions in light of the credit risk exposure assessment.

In the assessment of expected credit losses, a broad range of information is taken into account, including historical and current data and information on future economic conditions expected by BGK’s unit in charge of macroeconomic forecasts. The impairment model that is compliant with IFRS 9 is based on a division of exposures into stages, depending on the changes in credit quality relative to the initial recognition in accounting records. The manner of calculating an impairment loss depends on the stage:

<b>Stage</b>	<b>Criterion for classification (stages)</b>	<b>Manner of calculating an impairment loss</b>
Stage 1	Exposures for which, from the initial recognition until the reporting date, no significant increase in credit risk was identified and with no impairment.	12-month expected credit loss.
Stage 2	Exposures for which, from the initial recognition until the reporting date, a significant increase in credit risk was identified and with no impairment.	Lifetime expected credit losses.
Stage 3 (NPL)	Impaired exposures.	Lifetime expected credit losses.
POCI (NPL)	Exposures impaired at initial recognition.	Lifetime expected credit losses.

### ***Organisation of key credit and concertation risks***

Credit risk constitutes one of the most important risk types to which BGK is exposed in its operations. It is defined as a threat of a borrower’s default under an agreement, i.e. a failure to repay or partial repayment of receivables under credit exposure along with BGK’s remuneration within time limits defined in the agreement.

BGK mitigates credit risk at the micro level by assessing and monitoring individual customers and transactions, and at the macro level (for the entire portfolio) by establishing limits for individual segments and products.

BGK also uses stress tests to identify potential threats to its loan portfolio. One of the elements of stress testing is testing clients in industries with particular exposure to risks related to ESG factors. To that end, BGK separates clients from sectors most exposed to ESG factors. These sectors primarily include power generation, heat generation, fuel and gas, chemicals, air transport, rail transport, public transport, manufacturing and extraction.

### *Concentration risk*

The risk of exposure concentration is an important aspect of credit risk. BGK has adopted appropriate internal rules and procedures applicable to exposure concentration, with a particular focus on large exposures to individual customers and related customer groups. Portfolio concentration is monitored at the level of individual borrowers, entities with equity or organisational relationships, and industries. The exposure concentration policies address different areas of BGK's operations (not only lending but also investing activities or money market transactions).

### *Risk of partial or total default*

Default occurs when a customer fails to meet the contractual repayment deadlines or fails to make any payment whatsoever. The materialisation of that risk is associated with an increase in costs by generating loss allowances, which in the case of total non-payment turn into a loss incurred.

BGK mitigates default risk by:

- assessing a customer's credit rating based on financial models, including predictive models based on whether the customer is assigned a credit rating which is adequate to the level of associated risk; and
- periodically monitoring a customer's economic and financial situation.

### *Collateral risk*

Collateral risk occurs when the collateral of a credit exposure is inadequate to the financing granted or when the value of the collateral fluctuates significantly.

Collateral risk is mitigated by:

- the collateral policy adopted by a resolution of the Management Board, which sets the collateral adequacy criteria for a particular type of exposure, customer and collateral; and
- monitoring the value of collateral, in particular mortgages, through the periodic verification of property valuations and stress tests, including simulations of changes in the value of collaterals.

### *Interest rate risk and foreign exchange risk*

Interest rate risk and foreign exchange risk are associated directly with default risk, because the materialisation of either of these risks considerably increases the probability of default. These risks can result in increased payments due from a customer due to an increase in interest rates or an adverse change in currency exchange rates, which results in higher debt service costs.

BGK mitigates interest rate risk and foreign exchange risk by:

- applying appropriate procedures for financing in foreign currencies, in particular when verifying the source of funds for repayment of BGK's receivables;
- performing stress tests, including simulations of interest rate and foreign exchange rate fluctuations and their impact on the customers' creditworthiness.

### ***Organisation of the financial risk management process***

BGK's system of financial risk measurement includes, in particular, the following approaches and instruments:

- liquidity ratios, liquidity gap analysis, fund stability analyses and daily monitoring of the deposit base – applied in relation to the liquidity risk;

- measures of position volumes (such as foreign exchange position, interest rate gap) – applied to foreign exchange risk and interest rate risk;
- measures of sensitivity used for detailed analyses (BPV, duration, sensitivity of net interest income to fluctuations in interest rates, sensitivity of the economic value) – applied to interest rate risk;
- Value at Risk (VaR, Expected Shortfall) – applied to market risk;
- capital adequacy ratios – ratios related to the external regulations, determining the adjustment of own funds to the level and nature of risks of BGK, taking into account among others, the size and structure of risk-weighted assets;
- leverage ratios – applied to excessive leverage risk; and
- stress tests – applied to the financial risk.

One of the key mechanisms of financial risk management at BGK is the system of limits. BGK uses the following limits:

- for liquidity risk, limits include strategic limits, threshold values and analysis thresholds for liquidity ratios, which are a group of early warning indicators;
- for interest rate risk, limits include strategic limits and thresholds for sensitivity measures, position limits and loss limits;
- for foreign exchange risk, limits include position limits and loss limits;
- for capital adequacy, limits include limits for capital adequacy ratios, including a strategic limit and capital limits for individual activity areas;
- for leverage risk, limits include internal limits for leverage ratios, including a strategic limit.

The risk monitoring process consists of periodic control of the abovementioned limits and in analysing their utilisation. Financial risk reports are submitted to the Bank Financial Committee, the Management Board, the Risk Committee and the Supervisory Board. Procedures also specify the rules to be followed in the event of an increased level of financial risk.

### ***Overview of key financial risks***

#### *Liquidity risk*

Liquidity risk is a risk of losing the ability to pay liabilities as they fall due as a result of unfavourable changes in assets and liabilities and equity, off-balance-sheet transactions or the maturity mismatch of current cash flows, resulting in the need to incur unacceptable losses.

The purpose of liquidity risk management is to:

- ensure and maintain BGK's ability to meet both current and planned future liabilities, including costs of liquidity and return on equity;
- prevent stress conditions; and
- define business continuity solutions for a potential crisis.

Liquidity risk levels are presented in cyclical liquidity reports including, in particular, information on the utilisation of regulatory and internal liquidity limits, the stability of external funding and stress tests results as well as additional analyses concerning long-term liquidity. BGK controls the liquidity risk using a system of limits, including strategic limits, threshold values and analysis thresholds for liquidity ratios. The limit system covers current, short-term, medium-term and long-term liquidity. In

2022, BGK developed its liquidity risk management, including modifying the deposit base stability model and changing the calculation of liquidity risk measures. Moreover, the tools ensuring that the risk reporting process is more effective have been optimised. In 2022, the liquidity of BGK was at a safe level. Regulatory liquidity measures specified in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR), as well as internal liquidity limits were not breached.

#### Regulatory liquidity measures:

Item	Limit	As at					
		31 December			31 December		
<i>(audited)</i>							
<i>Excluding cash flow funds</i>							
		2022	2021	2020	2022	2021	2020
<b>LCR – liquidity coverage ratio.....</b>	100% <sup>1</sup>	168%	173%	176%	181%	211%	210%
<b>NSFR (Net Stable Funding Ratio) .....</b>	100% <sup>1</sup>	167%	173%	167%	197%	209%	180%

<sup>1</sup>The indicators are specified on an individual basis as the CRR does not require prudential consolidation.

Source: BGK

The change in the liquidity measures was mainly driven by an increase in long-term funding sources, an increase in the Bank's lending and an increase in off-balance sheet commitments granted. BGK did not observe any threat to its liquidity position due to the spread of the pandemic. Liquidity ratios remained safe amid a strong capital base, which demonstrates that the Bank is well prepared for crisis situations.

The table below presents the liquidity buffer and total net cash outflows of BGK at the date:

Item	As at		
	31 December		
	2022	2021	2020
<i>(unaudited)</i>			
<i>(PLN million)</i>			
<b>Liquidity buffer .....</b>	144,544	158,505	115,786
<b>Total net cash outflows.....</b>	86,242	91,810	65,941

Source: BGK

#### Market risk

Market risk is defined as a risk of a possible drop in the value of BGK's portfolio of financial instruments or its financial results as a consequence of unfavourable changes in market parameters (such as exchange rates, interest rates and prices of debt and equity instruments). The objectives of market risk management are:

- for interest rate risk (including the risk of change in prices of debt securities), to reduce the risk of losing a part of the interest income or the risk of an unfavourable change in the market value of interest-bearing financial instruments held by the Bank as a result of changes in the market interest rates, by making relevant changes in the structure of the portfolio;

- for foreign exchange risk, to mitigate the risk of losses that may be incurred as a result of changes in market foreign exchange rates;
- for equity price risk, to mitigate the risk of losses that may be incurred as a result of changes in prices of equity instruments.

In 2022, BGK maintained acceptable levels of market risk and interest rate risk arising from the banking book, in accordance with the limits specified by the Supervisory Board (risk appetite).

#### *Interest rate risk*

The Bank operates a system of limits, which are subject to risk appetite levels which are determined by the Supervisory Board and the strategic limit set by BGK's Management Board. The Bank monitors interest rate risk using:

- economic value limit for the banking book;
- basis point value (“**BPV**”) limits for the trading book and the banking book;
- loss limits;
- limits and thresholds for income risk in the banking book; and
- regulatory limits for supervisory outlier test for the banking book, according to EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02).

The risk monitoring process primarily involves the regular review of risk levels and the analysis of the utilisation of limits and threshold values.

Interest rate risk is measured using a number of metrics, including net present value (“**NPV**”), duration, measures that assess the sensitivity of financial instruments' present value to changes in interest rates (such as BPV, and economic value of equity), net interest income sensitivity to changes in interest rates, repricing gap, value at risk (“**VaR**”), expected shortfall (ES), and stress tests measures. BGK also prepares lists of financial instruments using a given reference rate as a benchmark (basis risk) and monitors levels of termination of term deposits and loans prepayments (customer option risk). The Bank also estimates the credit spread risk in the banking book. The internal reporting system for interest rate risk includes, in particular, information on the utilisation of limits and the threshold values for interest rate risk, gains/losses on interest rate movements, measures such as VaR, ES, BPV, duration, modified duration, interest rate gap analyses, interest income sensitivity, sensitivity of the economic value, and results of stress tests.

In 2022, interest income sensitivity to interest rate decreases in the banking book fell following an increase in interest rates on current accounts and sensitivity measures for the calculation of BPV decreased due to a lower duration of a portfolio of PLN-denominated treasury bonds.

The following table sets out the Group's key interest rate risk measures.

#### **Key interest rate risk measures:**

<b>Item</b>	<b>31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<i>(unaudited)</i>		
	<i>(PLN million)</i>		
<b>BPV</b>			
banking book.....	(1)	(2)	(0.6)

Item	31 December		
trading book .....	-	-	-
<b>Net interest income sensitivity to changes in interest rates by:</b>			
-2pp .....	(335)	(589)	(180.1)
+2pp .....	247	193	180.1
<b>VaR 1D 99%<sup>1</sup></b>			
banking book.....	125.7	38	5.4
trading book .....	10.4	7.8	3.7

<sup>1</sup> VaR 1D 99% means the maximum potential loss in a value of a portfolio over a 1-day period for a 99% confidence interval in normal market conditions.

Source: BGK

### *Foreign exchange risk*

Foreign exchange risk is measured in accordance with applicable principles, including analyses of foreign exchange positions, VaR and foreign exchange gains or losses. The utilisation of internal limits is also monitored on an ongoing basis with respect to currency position and loss.

Foreign exchange reports include, in particular, information on the utilisation of foreign exchange risk limits, performance, VaR and results of stress tests.

BGK's total foreign currency position as at 31 December 2022 stood at PLN 30 million, whereas the relevant VaR 1D 99% amounted to PLN 0.15 million. BGK's total foreign currency position as at 31 December 2021 stood at PLN 35 million, whereas the relevant VaR 1D 99% amounted to PLN 0.35 million. BGK's total foreign currency position as at 31 December 2020 stood at PLN 183 million, whereas the relevant VaR 1D 99% amounted to PLN 1.23 million.

### *Equity price risk*

The VaR 1D 99% measure declined in 2022 due to the lower value of the equity portfolio compared to the previous year. The value of the equity portfolio decreased by PLN 367.8 million mainly due to a decline in the share price of PKO BP S.A. In addition, there was a decrease in exposure to mutual funds in 2022 relative to 2021 due to fewer investment certificates held as a result of redemptions.

In 2021, BGK's share portfolio value rose by PLN 400.8 million, following an increase in the price of PKO BP S.A. and PZU S.A. shares. In addition, in 2021 exposure to investment funds was lower, including as a result of sale of investment certificates of: Fundusz Sektora Mieszkań dla Rozwoju FIZ AN and Fundusz Sektora Mieszkań na Wynajem Fundusz Inwestycyjny FIZ AN.

In 2021, the total value of investments in funds in which BGK continued to be an investor at 31 December 2021 increased year on year. Risk is measured in accordance with applicable principles, mainly through analysing the equity instruments portfolio and VaR. As at 31 December 2021, VaR 1D 99% for the share portfolio was PLN 65 million. As at 31 December 2020, VaR 1D 99% for the share portfolio was PLN 69.1 million.

### ***Organisation of the operational risk management process***

Operational risk is the risk of losses related to all major areas of operations pursued by BGK, including any new, existing and modified products, processes and systems, and is related to both internal factors (such as the organisational structure, business profile, IT systems used, customer profile, customer complaints, HR quality, organisational changes and employee turnover) and external factors (external environment of BGK).

Operational risk management covers all regions/organisational units of BGK's head office and all subsidiaries supervised by BGK's head office, in line with the head office organisational rules and their responsibilities.

The Bank manages operational risk through:

- the use of an Operational Risk Coordinator;
- a process-based approach to the assessment of operational risk (including the use of an operational risk map);
- operational risk ratios (KRI);
- a centralised database of all operational risk-related recommendations;
- a methodology for assessing operational risk related to financial intermediaries; and
- the assessment of risks related to projects and agreements.

The purpose of operational risk measurement is to evaluate threats resulting from operational risks using predetermined risk measurements. Operational risk assessment includes: calculation of KRIs, calculation of the capital requirement using Basic Indicator Approach, stress tests, determination of internal capital, assessment of financial intermediary risk and assessment of risk related to projects and outsourcing agreements.

Information on operational risk for BGK and its subsidiaries is reported on a regular basis to executive management, BGK's Operational Risk and Internal Control Committee, BGK's Management Board, BGK's Supervisory Board and the Risk Committee.

The Operational Risk and Internal Control Committee (ORC) functions at BGK as an opinion-forming and decision-making body, assisting BGK's Management Board in the oversight and control of operational risk, compliance risk, and the control function at BGK, as well as the assessment of the effectiveness of the risk management system.

BGK's business continuity management system for critical processes is regularly tested on an annual basis. The essential processes are identified in accordance with the new architecture of BGK.

In 2022, operational risk did not increase, as BGK holds its operational risk profile constant, and the operational risk appetite is within normal limits.

### ***Overview of business risk***

Business risk is defined as the risk of failure to achieve assumed and required economic goals, in particular with respect to financial results, due to changes in the economic, social, legal, business and market environment, and failure to achieve business and social goals implemented by BGK in line with its mission and as part of tasks defined by the Polish government. Business risk involves strategic risk.

The purpose of business risk management is to maintain at an acceptable level the potential negative financial impact of adverse changes in the business environment, adverse decisions, inadequate implementation of decisions or inadequate response to changes in the business environment.

### ***ESG risks***

ESG risk results from ESG risk factors that may have a negative impact (directly or indirectly) on BGK, its partners, investors in BGK's bonds, BGK's employees and its service providers.

ESG risk consists of environmental risk (which covers physical risk and transition risk), social risk and corporate governance risk. ESG risk is a risk embedded in other risks, as well as a hybrid risk – it can be measurable or difficult to measure, depending on the nature of the risk in which it is embedded.



ESG risk identification consists of identifying the sources of ESG risk, both current and potential, that arise from the ongoing and planned activities of BGK, its employees, business partners, or the discontinuation of activities that generate ESG risk. Sources of ESG risk can be internal (internal events, if they arise from Group's organisation and activities) and external (external events, if they are beyond BGK's control, such as those involving business partners, external environmental or social factors).

ESG risk assessment involves a combined analysis of relevant environmental, social and corporate governance factors. As far as processes are concerned, ESG risk assessment is carried out in the lending and investment process, due to their significance in the implementation of BGK's strategy. ESG risk assessment as part of the lending and investment process involves determining the level of risk related to business partners, financed activities or BGK's equity investments.

As part of ESG risk control, risk control mechanisms are applied, including a limit reflecting the size and the risk profile of BGK's operations.

Monitoring ESG risk size and profile after applying risk control mechanisms is carried out on the basis of information collected during credit monitoring, including the monitoring of project progress and investment; information collected during ongoing verification and testing; and results of stress tests.

Risk reporting includes:

- identification of potential threats; and
- information about risk mitigation measures and assessment of their effectiveness.

ESG risk is reported in:

- ESG risk disclosures – including an annual qualitative report and a half year quantitative report presenting BGK's ESG risk management methods and the size of the Bank's exposure in the area of climate change risk analysis;
- taxonomy report (internal report) – presenting the results of the analysis of the compliance of BGK's portfolio with the taxonomy criteria;
- ESG risk assessment report (internal report) – presenting the results of risk monitoring in the lending and investment process as well as monitoring the use of the strategic limit for ESG risk;
- integrated annual report; and
- stress test report.

### ***Other risks***

BGK also manages other risks, in particular compliance risk and reputation risk. It adopts similar principles as it does to manage operational risk, as well as model risk and risk of changes in macroeconomic conditions, in accordance with relevant internal procedures. Moreover, BGK manages leverage risk.

## MANAGEMENT AND GOVERNANCE

### Overview

The corporate governance framework of BGK is defined by external legal acts, in particular, the Act on Bank Gospodarstwa Krajowego of 14 March 2003, and the Articles of Association of Bank Gospodarstwa Krajowego, attached as an appendix to the Regulation of the Minister of Development of 16 September 2016 on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego.

BGK's corporate bodies include:

- the Management Board responsible for BGK's day-to-day operations; and
- the Supervisory Board, which oversees BGK's activities.

The Bank has no General Meeting.

### BGK's Relationship with the State Treasury

BGK is a Polish development bank and is controlled by the State Treasury. The State Treasury exercises control over BGK mainly through BGK's Supervisory Board, which is composed of representatives of various parts of the government responsible for managing State Treasury matters, the economy, construction and housing, transportation and regional development. The chairperson and members of the Supervisory Board are appointed by the Prime Minister of the Republic of Poland. The Supervisory Board has broad powers, including the power to repeal the resolutions of BGK's Management Board.

Under the Act, the Minister of Finance is obliged to provide BGK with funds to facilitate the execution of BGK's activities and funds to maintain its liquidity ratio. To enable BGK to raise additional funds, the Minister of Finance may issue, on behalf of the State Treasury, a guarantee covering the repayment of loans and credit lines granted to BGK and BGK's liabilities under debt securities issued by BGK.

The Supervisory Board decides on the distribution of BGK's annual profit. The profit may, among others, be retained as reserve capital, paid to the state budget or used for other purposes specified by the Supervisory Board.

### Management Board

The basis and the scope of functions of the Management Board are set out in the Act on Bank Gospodarstwa Krajowego, the Articles of Association of BGK, the Banking Law and the Rules of the BGK Management Board approved by a resolution of the Supervisory Board. The Management Board has the power to decide on any matters related to the management of BGK, except those which have been assigned to the Supervisory Board and President of the Management Board.

The Management Board is responsible for managing BGK's activities and its day-to-day operations. The head of the Management Board is the President of the Management Board. The President of the Management Board represents BGK externally, leads Management Board meetings and ensures the execution of Management Board resolutions.

The Management Board members are appointed by the Prime Minister of the Republic of Poland for a five-year term from the candidates nominated by the ministers responsible for economy, financial institutions, transport, regional development, and public finance. The Supervisory Board may dismiss or suspend a Management Board member before the expiry of his/her term. It may also delegate one of its members to the Management Board.

The Management Board consists of the following members:

Name	Position
Beata Daszyńska-Muzyczka	President of the Management Board
Paweł Nierada	First vice-president of the Management Board
Radosław Kwiecień	Member of the Management Board
Tomasz Robaczyński	Member of the Management Board
Marek Tomczuk	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 Chairwoman 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 the 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 chairwoman of the Supervisory Board of the 3SI Investment Fund, which is aimed at financing infrastructure needs in the Three Seas 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 a 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.

***Radosław Kwiecień – Member of the Management Board***

Since March 2001, Radosław Kwiecień has held managerial positions in various areas at Bank Gospodarki Żywnościowej S.A. in Warsaw (currently BNP Paribas Bank Polska S.A.). From 2012 until 2016, he was responsible for the bank’s operations as the Director of the National Operations Department. At that time, he was also a member of the Operating Risk Management and Bank Business Continuity Committee.

He is a member of the Cash Transactions Team at the Polish Bank Association.

Radosław Kwiecień is a graduate of the Economic Faculty of the University of Opole and postgraduate studies in controlling and capital investments at the WSB University in Poznań, in preparing and managing public-private partnership projects at the Warsaw School of Economics, as well as management studies at Koźmiński University.

***Tomasz Robaczyński – Member of the Management Board***

Since 1999, Tomasz Robaczyński has held various positions in the Ministry of Finance. Between 2007 and 2018, he was Director of the Paying Authority Department at the Ministry of Finance, which manages EU funds and supervises co-financing from the budget. Before that, between 2004 and 2007, he was in charge of one of the divisions within the department. From 2018 until joining BGK’s Management Board in 2020, he was an Undersecretary of State in the Ministry of Finance, responsible for supervising the state budget, utilisation of European Union funds and the funding of the state budget’s borrowing needs as well central and local government initiatives.

He has authored and co-authored numerous publications on public finance.

Mr Robaczyński is a lawyer who graduated from the Faculty of Law and Administration at the University of Warsaw. He also completed a non-degree course in art history at the Institute of Art History at the University of Warsaw.

***Marek Tomczuk – Member of the Supervisory Board***

He is a graduate of the Faculty of Economics and International Relations at the University of Economics in Krakow and the University of Rzeszów where he obtained a PhD in the field of Social Sciences, discipline of Economics and Finance. He completed the Leadership Academy program conducted by the ICAN Institute and Harvard Business Review. Marek Tomczuk started his 22-year professional career in the banking sector at Bank Handlowy w Warszawie S.A. (Citigroup), where in the area of Corporate Banking he was the Regional Sales Director for Transaction and Investment Banking, and later in the Retail Banking Division - Director of the CitiBusiness network. Then, as Director of the Small and Medium Enterprises Department at Kredyt Bank S.A. (KBC Group), he was responsible for building an independent business line and managing the sales network. Marek Tomczuk was also one of the managers preparing the merger of Kredyt Bank S.A. with Bank Zachodni WBK S.A. (Santander Group), where he took the position of Macroregion Director in the Retail Banking Division. At Raiffeisen Bank Polska S.A. (Raiffeisen Bank International AG Group), as the Managing Director, he was responsible for the Branch Network Management Department, Franchise and Brokerage Network Department. At the same time, he was a member of the Supervisory Board of Raiffeisen TFI and the President of the Management Board of Raiffeisen Financial Services Polska Sp. z o.o. Then, in 2017, he was appointed Vice-President of the

Management Board of Bank Pekao S.A. supervising the Retail Banking Division. He was the Chairman of the Supervisory Board of Biuro Informacji Kredytowej S.A., Pekao Direct Sp. z o.o., Dom Inwestycyjny Xelion Sp. z o.o., Centralny Dom Maklerski S.A., and a member of the Supervisory Board of Pekao Bank Hipoteczny S.A. Starting from 2021, Marek Tomczuk has worked at Bank Gospodarstwa Krajowego as the Managing Director, where he was responsible for the Products and Financing Division. Since 2022, he has also been a member of the Supervisory Board of VINCI S.A.

### **Supervisory Board**

The Supervisory Board exercises permanent supervision over the activities of BGK in all areas of its operations. It also approves BGK's long-term development plans. The Supervisory Board's approval is also required for BGK to issue debt securities.

The Supervisory Board is appointed for a four-year term. Potential members of the BGK Supervisory Board must be approved by the Council for Companies with State Treasury Shareholding and State Legal Persons operating at the Chancellery of the Prime Minister of the Republic of Poland. The Chairperson of the Supervisory Board is appointed and removed from office by the President of the Council of Ministers at the request of the minister competent for the economy. The remaining members of the Supervisory Board are appointed and removed from office by the President of the Council of Ministers at the request of the competent ministers. A member of the Supervisory Board may not be a member of the Management Board.

Meetings of the Supervisory Board are held when needed but at least once each quarter. Resolutions of the Supervisory Board are adopted by an absolute majority of votes in the presence of at least a half of its members, including the Chairperson or a Deputy Chairperson or a person designated to chair the meeting. Resolutions of the Supervisory Board are provided to the Management Board for implementation or for information purposes.

The Supervisory Board has an Audit Committee, which consists of three to five members selected from the members of the Supervisory Board. The Audit Committee is responsible for overseeing the internal audit unit within BGK, monitoring the financial reporting process, the internal control and risk management systems and monitoring the external financial audits conducted at BGK.

The Supervisory Board consists of the following members:

<b>Name</b>	<b>Position</b>
Paweł Borys	Chairman of the Supervisory Board
Beata Gorajek	Deputy Chairwoman of the Supervisory Board
Magdalena Tarczewska-Szymańska	Secretary of the Supervisory Board
Zbigniew Krysiak	Member of the Supervisory Board
Honorata Krysiewicz	Member of the Supervisory Board
Wojciech Artur Maj	Member of the Supervisory Board
Gertruda Uścińska	Member of the Supervisory Board
Adam Rudzewicz	Member of the Supervisory Board
Jerzy Szmit	Member of the Supervisory Board
Piotr Kieloch	Member of the Supervisory Board
Michał Gajewski	Member of the Supervisory Board
Kazimierz Kujda	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 – Chairman of the Supervisory Board***

Since 2016, Paweł Borys has been the Chairman 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 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 analysis, 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 programmes for leading Polish financial institutions such as the NBP 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 Chairwoman 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 is the Chairwoman of the Centrum Produkcyjne Pneumatyki "Prema" S.A. 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.

### ***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 degree.

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 Krysiowicz – Member of the Supervisory Board***

In July 2020, Honorata Krysiowicz 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 Krysiowicz has been working at the Chancellery of the Prime Minister of the Republic of Poland - 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 Krysiowicz 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.

### ***Wojciech Artur Maj – Member of the Supervisory Board***

Graduate of the Wrocław University of Technology, Master of Engineering in Automation and Robotics. He also obtained an Executive Master of Business Administration degree from Wrocław University of Economics and completed postgraduate studies in quality management at the Wrocław Technology Transfer Centre of the Wrocław University of Technology.

Since 2020 Wojciech Maj has been the President of the Management Board of Wałbrzyskie Zakłady Koksownicze "Victoria" S.A. From 2018 to 2020 he was the President of the Management Board of Uzdrowiska Kłodzkie S.A. PGU Group. From 2002 to 2018 he gained professional experience in industrial companies such as AtlasCopco Polska Sp. z o.o., DeLaval Operations Sp. z o.o., Cooper Industries - EATON Group, GE Consumer and Industrial as well as Tafr Wrocław.

From 2012 to 2013 he conducted his own business.

Wojciech Maj was a member of the supervisory board of Galwanizer sp. z o.o. and Regionalne Towarzystwo Budownictwa Społecznego sp. z o.o., as well as a member of the City Council of Ząbkowice Śląskie and Chairman of the Independent Students' Association of the Wrocław University of Technology.

### ***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 the 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 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 vice mayor of Olsztyn and General Director of the Voivodeship Office in Olsztyn.

#### ***Magdalena Tarczewska-Szymańska – Secretary 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 degree and the ARGO Top Public Executive title.

Since 2017, she has been the Director General of the Chancellery of the Prime Minister of the Republic of Poland. Since 2018, she has served as Chairwoman 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.

#### ***Gertruda Uścińska – Member of the Supervisory Board***

In January 2023, Gertruda Uścińska was appointed to the Supervisory Board of BGK.

She is a graduate of University of Silesia in Katowice. She is a law professor at the University of Warsaw, expert and specialist in international law, social security law, labour law, coordination of social security systems and freedom of movement of persons in the European Union.

Gertruda Uścińska is an academic lecturer at the University of Warsaw, Head of the Centre for Social Security Studies at the University of Warsaw, Professor at the Institute of Labour and Social Affairs. She is also the Chairperson of the Committee for Labour and Social Policy Studies at the Polish Academy of Sciences.



Since 2016, she has been the President of the Social Insurance Institution (*Zakład Ubezpieczeń Społecznych*). Since 2020, she has been the Chairperson of the Pension Insurance Committee of the International Association of Social Security, based in Geneva (International Social Security Association), operating under the auspices of the International Labour Organisation (ILO).

Gertruda Uścińska is the author of numerous publications on international and European social security law, social security law, comparative social policy, public finance, public management, cost optimisation of state public policies.

#### ***Piotr Kieloch – Member of the Supervisory Board***

In March 2023, Piotr Kieloch was appointed to the Supervisory Board of BGK.

Piotr Kieloch graduated from the Faculty of Law at the University of Warsaw and of the Warsaw School of Economics with a major in Economic Analysis of Law. He also completed Postgraduate Studies in Competition Law at the Institute of Competition Law at the Institute of Legal Studies of the Polish Academy of Sciences and attorney training at the District Bar Association in Warsaw at the District Bar Council in Warsaw. He has been an advocate since 2015.

In 2019, Piotr Kieloch obtained a restructuring advisor license. He is a partner in the law firm RESIST Rezano Sitek Kancelaria Adwokatów i Radców Prawnych sp. p. and a member of the Management Board of RESIST Restrukturyzacje sp. z o.o. He has several years of experience in conducting projects on restructuring and bankruptcy projects of economic entities from various sectors of the economy, as well as strategic consulting and legal services for commercial companies. He serves as an attorney in commercial, civil and corporate disputes. He has also dealt with the management of debt portfolios, including through the coordination of activities related to the broadly understood protection of creditors' rights in connection with the insolvency of their debtors.

Piotr Kieloch also provides training in business, restructuring and insolvency law.

#### ***Michał Gajewski – Member of the Supervisory Board***

In March 2023, Michał Gajewski was appointed to the Supervisory Board of BGK.

Michał Gajewski is legal counsel and a graduate in the field of law at the Faculty of Law and Administration of the University of Lodz. He also completed postgraduate studies at the Warsaw School of Economics in the field of “Business Insurance”.

From 2007 – 2018, Michał Gajewski worked at UNIQA Towarzystwo Ubezpieczeń S.A. and UNIQA Towarzystwo Ubezpieczeń na Życie S.A. From 2015 to 2018, he was a member of the working group for the review of business insurance law at the Financial Market Development Council at the Ministry of Finance. Since 2016, he has been running his own law firm – “Kancelaria Radcy Prawnego Michał Gajewski”, and since 2019 he has also been the President of the Management Board of Cyber Assistance Sp. z o.o.

#### ***Kazimierz Kujda – Member of the Supervisory Board***

In April 2023, Kazimierz Kujda was appointed to the Supervisory Board of BGK.

Kazimierz Kujda holds a Ph.D. in technology and is a graduate of the Faculty of Electrical Engineering at the Warsaw University of Technology. He also obtained a master's degree in economics at the Faculty of Production Economics of the Main School of Planning and Statistics. In 1996 he obtained an MBA at the Management Education Centre at the Faculty of Management at the University of Warsaw.

Since 2022, Kazimierz Kujda has been employed at the Minister's Office at the Ministry of State Assets. In 2022, he worked in the Minister's Office at the Ministry of Climate and Environment. In the years 2015 – 2019, 2005 – 2008 and 1998 – 2002 he was the President of the Management Board of the National Fund for Environmental Protection and Water Management, where he was also an expert

from 2002 to 2004. In the period from 2009 to 2015, he was a member of the Management Board of Słowo Niezależne sp. z o.o., and in the years 2008 – 2016 and 1995 – 1998 he was the President of the Management Board of Srebrna sp. z o.o. In the years 2004 – 2007 he was the rector of the Bogdan Jański University of Management and Entrepreneurship in Łomża, and in the period from 2004 to 2005, the rector of the Bogdan Jański University in Warsaw. In the years 1993 – 1998 he was a member of the board of the Press Foundation “Solidarność”. Previously, Kazimierz Kujda was also employed at Polskie Sieci Elektroenergetyczne S.A., the Power and Lignite Community, the Warsaw University of Life Sciences and the Energy Information Technology Centre.

Kazimierz Kujda was also a member of the Supervisory Board of Bank Ochrony Środowiska S.A. and Polskie Koleje Państwowe S.A., and since 2021 he has been the Chairman of the Supervisory Board of Polska Spółka Gazownictwa sp. z o.o.

### **Conflict of interest**

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

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 Deputy Chairwoman Beata Gorajek is the Chairman of the Centrum Produkcyjne Pneumatyki “Prema” S.A., Supervisory Board member Zbigniew Krysiak is a member of the Supervisory Board of Specjalna Strefa Ekonomiczna Starachowice S.A., Supervisory Board member Michał Gajewski is the President of the Management Board of Cyber Assistance Sp. z o.o., Supervisory Board member Kazimierz Kujda is the President of the Supervisory Board of Polska Spółka Gazownictwa Sp. z o.o. in Tarnów, Supervisory Board member Piotr Kieloch is the member of the Management Board at RESIST Restrukturyzacja sp. z o.o. and Vice-President of the Management Board of Foundation “Pomocy Ofiarom Błędów Medycznych”, Supervisory Board member Honorata Krysiwicz is a member of the Supervisory Board of Rafineria Gdańska Sp. z o.o., Supervisory Board member Adam Rudzewicz is a member of the Supervisory Board of GPW Benchmark S.A., member of the Foundation Board of Fundacja “Kormoran”, member of the Management Board of Polskie Towarzystwo Ekonomiczne Oddział w Olsztynie, Supervisory Board Secretary Magdalena Tarczewska-Szymańska is the President of the Supervisory Board of Poczta Polska S.A., and Supervisory Board member Wojciech Maj is the Chairman of the Management Board of Wałbrzyskie Zakłady Koksownicze “Victoria” S.A.

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

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 BGK.

## RELATED PARTY TRANSACTIONS

BGK entered into a number of related party transactions that mainly involved granting loans, taking deposits and entering into repurchase agreements. All related party transactions were entered into on arm's length terms. The tables below summarise the related party transactions entered into by the Group as at the dates and for the periods indicated:

Entity	31 December 2022			2022	
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses
			(audited)		
			(in PLN million)		
Associates .....	-	262	2,793	-	20
Other units .....	-	12,206	367	-	676
Total.....	-	12,468	3,160	-	696

*Source: BGK*

Entity	31 December 2021			2021	
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses
			(audited)		
			(in PLN million)		
Associates .....	-	306	2,186	-	1
Other units .....	-	4,984	278	-	13
Total.....	-	5,290	2,464	-	14

*Source: BGK*

Entity	31 December 2020			2020	
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses
			(audited)		
			(in PLN million)		
Associates .....	-	963	2,652	-	6
Other units .....	-	1,291	-	-	1
Total.....	-	2,254	2,652	-	7

*Source: BGK*

Detailed information on the transactions with the State Treasury and other related parties is included in Note 38 (*Transactions with Related Entities*) to the 2022 Consolidated Financial Statements.

## REGULATORY OVERVIEW

### **BGK's legal status**

BGK is regulated by the Act of 14 March 2003 on Bank Gospodarstwa Krajowego and is subject to the Banking Law, with the exceptions provided for in the Act on Bank Gospodarstwa Krajowego and the Articles of Association of Bank Gospodarstwa Krajowego, attached as an appendix to the Regulation of the Minister of Development of 16 September 2016 on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego. The provisions of the Banking Law do not apply to BGK with regard to bankruptcy and recovery planning, among other things.

With regard to regulations concerning corporate governance of BGK, please see the section "*Management and governance*" below.

### **Specific legal requirements for banks**

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations issued by the KNF. The most important of these obligations relate to banks' own funds, total capital ratio, exposure concentration, risk management systems and financial management conducted by banks.

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

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

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

BGK is not a subject of the deposit guarantee scheme under the Bank Guarantee Fund, regulated by the Act of 10 June 2016 on Bank Guarantee Fund, Deposit Guarantee Scheme and Compulsory Restructuring.

### **Banking supervision exercised by the KNF**

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

- assessment of the financial position of banks, including their solvency, the quality of assets, liquidity and the financial results;
- review of the quality of the bank management systems, including, in particular, the risk management system and internal control system;
- assessment of the compliance of credit facilities, cash loans, letters of credit, bank guarantees and sureties granted, and of bank securities issued, with applicable regulations;
- examination of collateral and timely repayment of credit facilities and cash loans;
- examination and assessment of banks' compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by KNF;
- estimating, maintaining and reviewing internal capital; and
- assessment of the compliance of banks' activities with the appropriate regulations.

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

### **Other supervisory authorities**

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

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

### **Personal data protection**

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational measures that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, data subjects' rights to access, rectification, erasure of personal data, restriction of the processing concerning the data subject, object to processing, the right to data portability and the right to withdraw consent at any time, where applicable, and the right to lodge a complaint with a supervisory authority should be ensured.

Regulation (EU) 2016/679 (General Data Protection Regulation, "GDPR") entered into force on 24 May 2016 and is applicable from 25 May 2018. It has imposed new obligations and guidelines on controllers and processors with regard to the processing of personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making it available to processors or other controllers.

The key challenges resulting from the GDPR result from:

- a comprehensive definition of personal data, covering any information relating to an identified or identifiable natural person, including also special categories of personal data;
- specific principles relating to processing of personal data and a set of lawful bases for personal data processing;
- automated processing of personal data will be permitted under certain conditions;
- considerably increased rights of the individuals in particular with respect to the right to access, rectification, erasure of personal data, restriction of the processing, data portability, objection to the processing, right to withdraw consent to data processing and right to lodge a complaint with a supervisory authority;
- new obligations of data, controllers and processors related to security of data processing, including implementation of technical and organizational measures for ensuring the security of the processing;
- new obligations regarding appointment of the data protection officer; and
- administrative fines for non-compliance with the GDPR which can reach EUR 20 million or 4 per cent. of an organisation's annual worldwide turnover of the preceding financial year,

whichever is higher. Supervisory authorities may also take other enforcement actions, including the right to impose a limitation including a ban on processing or suspension of data flows to a recipient in a third country. Moreover, pursuant to the GDPR, individuals have the right to receive compensation from the controller or processor for the damage suffered in connection with violation of the GDPR. Further, Polish laws provide for criminal liability for unlawful personal data processing.

Additional requirements regarding processing of personal data within the banking operations may derive from national laws, in particular with respect to the processing of employee personal and conducting various marketing activities. Polish laws may also provide for some more specific obligations, such as an obligation to conduct a DPIA in some specific circumstances or obligation to notify the appointment of a data protection officer to the supervisory authority.

### **Cyber security**

BGK is a part of the National Cyber Security System governed by the Act of 5 July 2018 on National Cybersecurity System (“**Cybersecurity Act**”). The Cybersecurity Act aims to ensure cybersecurity at the national level, including the uninterrupted provision of critical and digital services, by achieving an adequate level of security for information systems used to provide these services and ensuring incident handling. The Cybersecurity Act imposes several obligations on BGK, in particular in relation to notification of cybersecurity incidents.

### **Funds**

BGK operates the following cash flow funds regulated by separate acts:

- the National Road Fund (*Krajowy Fundusz Drogowy*), regulated by the Act of 27 October 1994 on toll highways and the National Road Fund;
- the Railway Fund (*Fundusz Kolejowy*) regulated by the Act of 16 December 2005 on the Railway Fund;
- the Inland Waterways Fund (*Fundusz Żeglugi Śródlądowej*) regulated by the Act of 31 July 2019 on Financial Support of Inland Shipowners, the Inland Waterways Fund and the Reserve Fund;
- the Subsidy Fund (*Fundusz Dopłat*) regulated by the Act of 5 December 2002 on interest subsidies for housing loans with a fixed interest rate;
- the Student Loan Fund (*Fundusz Kredytów Studenckich*) regulated by the Act of 20 July 2018 - Law on Higher Education and Science;
- the Thermo-modernisation and Renovation Fund (*Fundusz Termomodernizacji i Remontów*) regulated by the Act of 21 November 2008 on supporting thermomodernisation and renovations and on the central register of building emissions;
- the Borrower Support Fund (*Fundusz Wsparcia Kredytobiorców*) regulated by the Act of 9 October 2015 on Support for Housing Loan Borrowers in a Difficult Financial Situation and certain other acts;
- the National Guarantee Fund (*Krajowy Fundusz Gwarancyjny*) regulated by the Act of 8 May 1997 on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons;
- the Polish Science Fund (*Fundusz Polskiej Nauki*) regulated by the Act of 4 April 2019 on Supporting Scientific Activities from the Polish Science Fund;
- the COVID-19 Response Fund (*Fundusz Przeciwdziałania COVID-19*) regulated by the Act of 31 March 2020 amending the act on special solutions related to the prevention,

counteracting and combating of COVID-19, other infectious diseases and the crisis situations caused by them and certain other domestic legislation;

- the Liquidity Guarantee Fund (*Fundusz Gwarancji Płynnościowych*) regulated by the Act of 31 March 2020 amending the act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and the crisis situations caused by them and certain other domestic legislation;
- the Tourist Refund Fund (*Turystyczny Fundusz Zwrotów*) regulated by the amended Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and crisis situations caused by them;
- the Government Housing Development Fund (*Rządowy Fundusz Rozwoju Mieszkalnictwa*) regulated by the Act of 10 December 2020 on amending certain laws supporting housing development and the Act of 26 October 1995 on social forms of housing development;
- the Ecological Surety and Guarantee Fund (*Ekologiczny Fundusz Poręczeń i Gwarancji*) regulated by the Act of 28 October 2020 on amending the Act on supporting thermomodernisation and renovations and certain other acts and the Act of 27 April 2001 – Environmental Protection Law;
- the Medical Studies Loan Fund (*Fundusz Kredytowania Studiów Medycznych*) regulated by the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts;
- the Government Housing Fund (*Rządowy Fundusz Mieszkaniowy*) regulated by the Act of 1 October 2021 on Guaranteed Housing Loans;
- the Aid Fund (*Fundusz Pomocy*) regulated by the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country;
- the Crisis Guarantee Fund (*Fundusz Gwarancji Kryzysowych*) regulated by the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country; and
- the Armed Forces Support Fund (*Fundusz Wsparcia Sił Zbrojnych*) regulated by the Homeland Defence Act of 11 March 2022.

## **DESCRIPTION OF THE GUARANTOR**

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

For information on the Guarantor, investors should refer to the following sections relating to the Guarantor contained in the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 28 March 2023:

- About this Prospectus (pages i – ii);
- The Republic of Poland (pages 2 – 16);
- The Economy (pages 17 – 25);
- Balance of Payments and Foreign Trade (pages 26 – 31);
- Monetary and Financial System (pages 32 – 40);
- Public Finance (pages 41 – 54);
- Public Debt (pages 55 – 60); and
- Total External Debt (pages 61 – 62).



## CLEARING AND SETTLEMENT

### Book-Entry Ownership

#### *Bearer Notes*

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Dealer, or with a common safekeeper for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system if such Notes are held in NGN form. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system.

Payments of the principal of, and interest and other amounts on, any Global Note will be made to the common depository or the common safekeeper for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or its nominee as the bearer thereof. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that each of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, upon receipt of any such payment in respect of a Global Note held by a common depository or its nominee or a common safekeeper, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in a Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

#### *Registered Notes*

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by an Unrestricted Global Registered Note or a Restricted Global Registered Note. Each Unrestricted Global Registered Note or a Restricted Global Registered Note deposited with a common depository or a common safekeeper for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Registered Note. Each such Restricted Global Registered Note will have a CUSIP number. Each Restricted Global Registered Note will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Registered Note, as set out under “*Transfer Restrictions*”. In certain circumstances, as described below in “*Transfers of Registered Notes*”, transfers of interests in a Restricted Global Registered Note may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the custodian, with whom the Restricted Global Registered Note is deposited, and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in an Unrestricted Global Registered Note only through Clearstream,

Luxembourg or Euroclear, if they are participants in such systems, or indirectly through organisations that are participants in such systems. Investors may hold their beneficial interests in a Restricted Global Registered Note directly through DTC if they are participants in the DTC system, or indirectly through organisations, which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Registered Note registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Registered Note. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Registered Note as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Registered Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, beneficial ownership interests in any Restricted Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of the principal of, and interest and other amounts on, each Unrestricted Global Registered Note and each Restricted Global Registered Note deposited with a common depository or a common safekeeper for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will be made to the common depository or common safekeeper (as the case may be) of Euroclear and/or Clearstream, Luxembourg or its nominee as the registered owner thereof. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in any such Unrestricted Global Registered Note or Restricted Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Issuer expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any such payment in respect of any such Unrestricted Global Registered Note or Restricted Global Registered Note held by a common depository or common safekeeper (as the case may be) or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Unrestricted Global Registered Note or Restricted Global Registered Note as shown on the records of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in an Unrestricted Global Registered Note or Restricted Global Registered Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

All Registered Notes will initially be in the form of an Unrestricted Global Registered Note and/or a Restricted Global Registered Note. Individual Note Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Registered Note, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Registered Note, in minimum amounts of U.S.\$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

### ***Payments through DTC***

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Registered Note registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Registered Note registered in the name of a nominee of DTC will be made or procured to be made by the Exchange Agent in such currency in

accordance with the following provisions. The amounts in such currency payable by the Exchange Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Company by the Fiscal Agent, who in turn will pay them to the Exchange Agent, who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who elect to receive such payment in U.S. dollars. The Agency Agreement sets out the manner in which such conversions are to be made and, in certain circumstances, Noteholders will be required to provide their payment details for such specified currency via their custodian or depository.

### ***Transfers of Registered Notes***

Transfers of interests in Global Registered Notes within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Registered Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Registered Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Registered Note may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Registered Note to a transferee who wishes to take delivery of such interest through a Restricted Global Registered Note for the same Series of Notes **provided that** any such transfer made on or prior to the expiration of the distribution compliance period (as used in “*Subscription and Sale*”) relating to the Notes represented by such Unrestricted Global Registered Note will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Registered Note will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Registered Note to the Fiscal Agent with details of the account at Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Registered Note. Transfers at any time by a holder of any interest in the Restricted Global Registered Note to a transferee who takes delivery of such interest through an Unrestricted Global Registered Note will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in each relevant Global Registered Note.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Registered Note will be effected through the Fiscal Agent, the custodian, the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Note resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Transfer Restrictions*”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Registered Note for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Registered Note are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Registered Notes as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Registered Notes for exchange for Individual Note Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Registered Note is lodged with DTC or its custodian, Restricted Notes represented by Individual Note Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

## Individual Note Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Registered Notes in the circumstances set forth in “*Form of Notes—Restricted Global Registered Notes*” or (ii) in the case of Unrestricted Global Registered Notes in the circumstances set forth in “*Form of Notes – Unrestricted Global Registered Notes*”. In such circumstances, the Issuer will cause sufficient Individual Note Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Registered Note must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates; and
- (ii) in the case of a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Restricted Note Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

## Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States, secondary market generally are required to settle within two business days (“**T+2**”), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, in respect of any trades of such Notes that will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes and (if applicable) the Guarantee of the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Poland or elsewhere. The tax laws of the investor's state and of the Issuer's state of incorporation might have an impact on the income received from the securities. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes or (if applicable) the Guarantee of the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date, including a change with retroactive effect. Any change may negatively affect the tax treatment described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. The information provided below does not cover tax consequences resulting from tax exemptions applicable to specific taxable items or specific taxpayers (e.g. domestic or foreign investment funds).*

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

### **Poland**

#### ***Non-Polish tax residents – individuals***

Under Article 3(2a) of the Personal Income Tax Act dated 26 July 1991 (the "PIT Act"), natural persons who do not reside in Poland are subject to tax only on income (revenue) earned in Poland (limited tax obligation).

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

- (i) work performed in Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship, irrespective of the place where remuneration is paid;
- (ii) activity performed in person in Poland, irrespective of the place where remuneration is paid;
- (iii) business activity pursued in Poland, including through a foreign establishment located in Poland;
- (iv) immovable property located in Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (v) securities and financial derivatives which are admitted to public trading on the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above;
- (vi) the transfer of the ownership of shares in a company, all of the rights and obligations in a company that is not a legal entity or shares in an investment fund, mutual fund institution or other legal entity and rights of similar character, or receivables being the result of holding such shares, all of the rights and obligations, participation titles or rights, if at least 50 per cent. of the assets of such company, company that is not a legal entity, such investment fund, such mutual fund institution or other legal entity, directly or indirectly, constitutes real estate located in the territory of Poland or rights to such property;

- (vii) the transfer of the ownership of shares, all of the rights and obligations, shares in investment fund or rights of similar character in real estate company (in the meaning of the Polish tax regulations);
- (viii) the receivables settled, including receivables placed at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, seat, or management board in Poland, irrespective of the place of conclusion of the agreement and place of performance; and
- (ix) unrealised gains as referred to in the exit tax regulations.

Since the issuer is a Polish entity, income from the Notes should be considered as earned in Poland. However, under Article 21(1)(130b) of the PIT Act, interest or discount on bonds issued by BGK and offered on foreign markets, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development, as well as income from the sale of such bonds received by individuals who are not tax resident in Poland are exempt from Polish personal income tax.

Although no Polish withholding tax is expected on interest payable on the Notes offered on foreign markets to non-Polish tax residents and, in principle, Polish tax provisions do not specifically require any documentation to confirm the right of a non-resident taxpayer to apply the exemption referred to in Article 21(1)(130b) of the PIT Act which would allow the tax remitter not to collect Polish withholding tax, it cannot be excluded that in practice some documentation may be requested or required to identify that taxpayer as a non-resident taxpayer which is a tax beneficiary of the payment as defined by the Polish tax regulations and to apply a tax exemption, e.g. a certificate of tax residency from the non-resident taxpayer. A certificate of tax residency means a certificate of the place of the taxpayer's registered office (domicile) for tax purposes issued by a competent tax administration authority in the state where the taxpayer's registered office (domicile) is located (Article 5a (21) of the PIT Act). Lack of documentation might result in the withholding tax having to be collected by the entity obliged to remit the tax.

According to Article 41(4aa) of the PIT Act, when verifying the conditions for the application of a lower withholding tax rate or for an exemption, or conditions for the non-collection of a withholding tax, arising from the provisions of tax law, a tax remitter shall be obliged to exercise due diligence. When assessing whether due diligence has been exercised, the nature, the scale of the tax remitter's activity and the relation, within the meaning of Art. 23m(1)(5) of the PIT Act, between the tax remitter and the taxpayer shall be taken into account (i.e. whether the tax remitter is related with the non-Polish tax resident under Polish transfer pricing regulations). Please see also the section "*Special provisions on withholding tax on large payments to non-Polish tax residents being related parties*" below. Prospective investors in the Notes are advised to seek their own professional advice in relation to the withholding tax in such case.

Under Article 41(4) of the PIT Act, an interest payer, other than an individual not acting within the scope of his/her business activity, is obliged to collect flat-rate income tax on payments made (benefits) or on the money or money equivalents made available to the taxpayer. However, under Article 41(4d) of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold the tax on this interest income if such interest income has been earned in the territory of Poland and is connected with registered securities, and the interest payment to the individual (the taxpayer) is made through those entities. These rules should also apply to the entities indicated in Article 3(2) of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**") to the extent that they conduct business activity through a foreign establishment located within the territory of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, a foreign entity that does not operate through a permanent establishment in Poland, e.g. a foreign investment firm not acting through a Polish permanent establishment, should not be obliged to withhold the tax. Under Article 45(3b) of the PIT Act, if the

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

Specific withholding tax consequences may relate to payments to omnibus accounts within the meaning of the provisions of the Act on Trading in Financial Instruments dated 29 July 2005 (hereinafter, the “**Omnibus Accounts**”). Pursuant to Article 30a(2a) of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax should be withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Article 41(10) of the PIT Act, the tax remitters for securities registered in Omnibus Accounts are the entities operating the Omnibus Accounts through which the amounts due are paid. The tax is collected on the day of placing the amounts due at the disposal of the Omnibus Account holder. These rules should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct business activity through a foreign establishment located within the territory of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms should not be obliged to withhold the tax.

Pursuant to Art. 41(4da) of the PIT Act, in the circumstances referred to in Art. 41(4d) (generally entities operating securities accounts for individuals acting as tax remitters) and Art. 41(10) (generally entities operating omnibus accounts, acting as tax remitters), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relation between them and the taxpayer, within the meaning of Art. 23m(1)(5) (related parties, please see definition below) and that the amount referred to in section 12 (generally PLN 2 million) of this Article will be exceeded, at least 7 days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Art. 41(12d) of the PIT Act, in the circumstances referred to in sections 4d (generally entities operating securities accounts for individuals acting as tax remitters) and 10 (generally entities operating omnibus accounts, acting as tax remitters), the excess amount (generally, above PLN 2 million) and the existence of the relations referred to in section 12 shall be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Art. 30a(2a).

However, if a non-Polish tax resident performs any business activities in Poland and the Notes and any income from such Notes are related to that Polish activity, the non-Polish tax resident could be required to report its income from the Notes in Poland. In addition, although the above exemptions would generally still apply, it cannot be excluded that any income due to foreign exchange differences might be subject to Polish taxation. You should consult your tax advisor about your particular situation.

#### ***Non-Polish tax residents – corporate income taxpayers***

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

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

- (i) all types of activity pursued in Poland, including through a foreign establishment located in Poland;



- (ii) immovable property located in Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (iii) securities and financial derivatives which are admitted to public trading on the territory of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above;
- (iv) the transfer of the ownership of shares in a company, all of the rights and obligations in a company that is not a legal entity or shares in an investment fund, mutual fund institution or other legal entity and rights of similar character, or receivables being the result of holding such shares, all of the rights and obligations, participation titles or rights, if at least 50 per cent. of the assets of such company, company that is not a legal entity, such investment fund, such mutual fund institution or other legal entity, directly or indirectly, constitutes real estate located in the territory of Poland or rights to such property;
- (v) the transfer of the ownership of shares, all of the rights and obligations, shares in investment fund or rights of similar character in real estate company (in the meaning of the Polish tax regulations);
- (vi) the receivables settled, including receivables placed at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, seat, or management board in Poland, irrespective of the place of conclusion of the agreement and place of performance; and
- (vii) unrealised gains as referred to in the exit tax regulations.

Since the issuer is a Polish entity, income from the Notes should be considered as earned in Poland.

According to Article 21(1) of the CIT Act, the income tax on revenue received within the territory of the Republic of Poland by taxpayers as referred to in Article 3(2) (non-Polish tax residents) from, in particular: interest; certain royalties, services connected with market research, legal, advertising, data processing, management and control and advertising and other similar services, is 20% of the revenue.

However, under Article 17(1)(50b) of the CIT Act, interest or discount on bonds issued by BGK and offered on foreign markets, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development, as well as income from the sale of such bonds received by entities which do not have their seat and which do not have their management office in Poland are exempt from Polish corporate income tax.

Although no Polish withholding tax is expected on interest payable on the Notes offered on foreign markets to non-Polish tax residents and, in principle, Polish tax provisions do not specifically require any documentation to confirm the right of a non-resident taxpayer to apply the exemption referred to in Article 17(1)(50b) of the CIT Act which would allow the tax remitter not to collect Polish withholding tax, it cannot be excluded that in practice some documentation may be requested or required to identify that taxpayer as a non-resident taxpayer which is a tax beneficiary of the payment as defined by the Polish tax regulations and to apply a tax exemption, e.g. a certificate of tax residency from the non-resident taxpayer. A certificate of tax residency means a certificate of the place of the taxpayer's registered office (domicile) for tax purposes issued by a competent tax administration authority in the state where the taxpayer's registered office (domicile) is located (Article 4a(12) of the CIT Act). Lack of documentation might result in the withholding tax having to be collected by the entity obliged to remit the tax.

According to Article 26(1) of the CIT Act, legal persons, organizational units having no legal personality and natural persons being entrepreneurs that make disbursements of amounts due on the ground specified in Article 21(1) are obliged, as tax remitters, to collect, the lump sum withholding tax on those disbursements.

According to Article 26(1) of the CIT Act, when verifying the conditions for the application of a reduced withholding tax rate (other than the 20% relevant for any payments provided for in Art. 21(1) of the CIT Act) or for an exemption, or conditions for the non-collection of a withholding tax, arising from special provisions or double taxation conventions, a tax remitter shall be obliged to exercise due diligence. In the assessment whether due diligence has been exercised, the character, the scale of the tax remitter's activity and the relation, within the meaning of Art. 11a(1)(5) of the CIT Act (related parties -- please see definition below), between the tax remitter and the taxpayer shall be taken into account (i.e. whether the tax remitter is related with the non-Polish tax resident under Polish transfer pricing regulations). Please see also the section "*Special provisions on withholding tax on large payments to non-Polish tax residents being related parties*" below. Prospective investors in the Notes are advised to seek their own professional advice in relation to the withholding tax in such case. If withholding tax is withheld for a non-Polish tax resident, to receive a refund of such tax the taxpayer should contact its tax adviser.

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

Specific withholding tax consequences may relate to payments to Omnibus Accounts. Under Article 26(2a) of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Article 26(2b) of the CIT Act, the entity operating the Omnibus Account is the tax remitter. This rule should also apply to the entities indicated in Art. 3(2) of the CIT Act (i.e. non-residents) to the extent that they conduct economic activity through a foreign establishment located within the territory of Poland if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax.

Pursuant to Article 26(2ca) of the CIT Act, in the circumstances referred to in Article 26(2c) (generally entities operating securities accounts or omnibus accounts), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relation between them and the taxpayer, within the meaning of Article 11a(1)(5) (related parties -- please see definition below) and that the amount referred to in section 2e (generally PLN 2 million) of this Article will be exceeded, at least 7 days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Article 26(2ed) of the CIT Act, in the circumstances referred to in section 2c (generally entities operating securities accounts or omnibus accounts), the excess amount (generally above PLN 2 million) and the existence of the relations (related parties -- please see definition below) referred to in section 2e (will be determined by the entity keeping securities accounts or omnibus accounts). The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 26(2a).

According to Art. 26(1m) of the CIT Act, where the entities referred to in Art. 26(1) of the CIT Act pay receivables from the sources listed in Art. 7b(1)(3) to (6) of the CIT Act (including revenues from securities) for the benefit of an entity having its registered office or management in a territory or state listed in regulations issued pursuant to Art. 11j(2) (i.e. so called list of states and territories that apply harmful tax competition), they are obliged to collect lump-sum income tax in the amount of 19 per

cent. of the amount of the payment made. The provision of paragraph Art. 26(1) of the CIT Act should apply accordingly.

### ***Polish tax residents – individuals***

Under Art. 3(1) of the PIT Act, natural persons, if residing in 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 the tax on 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. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, in principle do not withhold the tax.

Under Article 45(3b) of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. 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 per cent 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. 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. 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 Omnibus Account is linked. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, in principle do not withhold the tax.

Pursuant to Art. 41(4da) of the PIT Act, in the circumstances referred to in Art. 41(4d) (generally entities operating securities accounts for individuals and acting as tax remitters) and Art. 41(10) (generally entities operating omnibus accounts and acting as tax remitters), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relation between them and the taxpayer, within the meaning of Art.

23m(1)(5) (related parties, please see definition below) and that the amount referred to in section 12 (generally, PLN 2 million) of this Article will be exceeded, at least 7 days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Art. 41(12d) of the PIT Act, in the circumstances referred to in sections 4d (generally entities operating securities accounts for individuals and acting as tax remitters) and 10 (generally entities operating omnibus accounts and acting as tax remitters), the excess amount and the existence of the relations referred to in section 12 shall be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Art. 30a(2a).

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.

### ***Income from disposing of Notes for remuneration***

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

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

### ***Notes held as business assets***

If an individual holds the Notes as business assets, in principle, interest (discount) and income from transfer of Notes against a consideration should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 12 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions, should be settled by the individuals themselves. In addition, separate rules regarding social security contributions may be applicable.

### ***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.

According to Art. 3(1a) of the CIT Act, a taxpayer has a management board within the territory of Poland inter alia, when the taxpayer's day-to-day affairs are conducted in Poland in an organized and continuous manner on the basis of, in particular:

- 1) a contract, decision, court order, or other document governing the establishment or operation of that taxpayer; and/or
- 2) powers of attorney granted; and/or
- 3) relations within the meaning of Art. 11a(1)(5) of the CIT Act (related parties -- please see definition below).

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(1) 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, in case the revenue is included in revenues other than revenues from capital gains, 9 per cent. for small taxpayers.

Although no Polish withholding tax is expected on interest payable to Polish corporate income taxpayers, specific rules may apply 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. This rule should also apply to the entities indicated in Art. 3(2) of the CIT Act (i.e. non-residents) to the extent that they conduct economic activity through a foreign establishment located within the territory of Poland if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through their permanent establishments in Poland, e.g. foreign investment firms should not be obliged to withhold the tax.

Pursuant to Article 26(2ca) of the CIT Act, in the circumstances referred to in Article 26(2c) (generally entities operating securities accounts or omnibus accounts), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relation between them and the taxpayer, within the meaning of Article 11a(1)(5) (related parties -- please see definition below) and that the amount referred to in section 2e (generally PLN 2 million) of this Article will be exceeded, at least 7 days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Article 26(2ed) of the CIT Act, in the circumstances referred to in section 2c (generally entities operating securities accounts or omnibus accounts), the excess amount (generally above PLN 2 million) and the existence of the relations (related parties -- please see definition below) referred to in section 2e will be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 26(2a).

Under the CIT regulations, income is determined separately for each relevant source of revenue, i.e. revenues from capital gains are separated from revenues from other sources. Correspondingly, the tax losses are determined separately for each of these sources of revenue, whereby a tax loss from one source of revenue may not be deducted against the income from the other source of revenue. Within the same source of revenue, losses can be deducted for five consecutive tax years, in an amount not exceeding 50 per cent. of the loss in any of those years. A taxpayer may also deduct from the tax base once over the next five consecutive tax years up to PLN 5,000,000 of the loss incurred (in an amount however not exceeding 50 per cent. of the loss in any of those years).

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

*Corporate income tax*

Under Article 26(2e) of the CIT Act, if the total amount of payments made to a related entity on the bases specified in Art. 21.1(1) (including interest/discount on notes) and Art. 22(1) exceeds PLN 2,000,000 in total in the payer's tax year for the same taxpayer, legal persons, unincorporated organizational units and individual business owners, are obliged as payers to withhold, subject to Art. 26(2g) of the CIT Act on the day of payment, a flat-rate income tax on those payments based on the tax rate set out in Art. 21(1)(1) (20 per cent. in the case of interest/discount on notes) or Art. 22(1) on any amount exceeding the PLN 2,000,000 threshold, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter the "**Obligation to Withhold Tax**"). For the purposes of this provision, related entities are understood to be entities within the meaning of Art. 11a(1)(4) of the CIT Act (Art. 26(2ea) of the CIT Act).

The Obligation to Withhold Tax does not apply to entities that are taxpayers referred to in Art. 3.1 of the CIT Act, i.e. to Polish tax residents (Art. 26(2eb) of the CIT Act).

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

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

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

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

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

Under Article 26(7a) of the CIT Act, the Obligation to Withhold Tax does not apply if the payer has declared that:

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

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

The declaration may be made in the deadline relevant for payment of the tax for a month, in which the amount referred to in Art. 26(2e) of the CIT Act was exceeded (Art. 26(7c) of the CIT Act).

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

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

Pursuant to Art. 26b(1) of the CIT Act, an opinion on the remitter's application of the exemption from the collection of a flat-rate income tax on the receivables paid to such taxpayer, as referred to in Art. 22(1) of the CIT Act, and/or the application of a tax rate resulting from an applicable double taxation treaty or failure to collect tax under such treaty (an opinion on the application of a preference) is issued by a tax authority at the request of: (i) the taxpayer, (ii) the remitter, or (iii) the person paying the receivables through entities operating securities accounts or omnibus accounts – if the request demonstrates compliance with the conditions set out in Art. 22(4-6) of the CIT Act or the conditions for the application of a double taxation treaty.

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

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

- 1) a taxpayer's failure to comply with the conditions set out in Art. 21 and/or Art. 22 of the CIT Act or the conditions for the application of a double taxation treaty;
- 2) existence of justified concerns as to compliance with the actual state of affairs of the documentation attached to the request or the taxpayer's statement that the taxpayer is the beneficial owner of the receivables;

- 3) existence of a reasonable presumption that a decision has been issued pursuant to Art. 119a of the Tax Code (the so-called anti-tax avoidance clause), with the use of measures restricting contractual advantages or pursuant to Art. 22c of the CIT Act;
- 4) existence of a reasonable presumption that a taxpayer subject to a limited tax obligation in the territory of Poland does not carry out actual economic activity in the taxpayer's country of residence for tax purposes.

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

An opinion on the application of a preference is given without undue delay, no later than 6 months after the date of receipt of the request by the tax authority (Art. 26b(5) of the CIT Act).

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

Pursuant to the Regulation of the Minister of Finance dated 28 December 2022 regarding the exclusion of the obligation to withhold flat-rate corporate income tax (the "**Regulation**"), the application of the Obligation to Withhold Tax is excluded in relation to interest/discount payments on bonds issued by BGK, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development, which are received by taxpayers who do not have their seat or management board within the territory of Poland. This rule may be however applied only if conditions for non-remittance of the tax, application of tax rate or exemption resulting from specific tax provisions or double tax treaties are fulfilled. Moreover, according to the Regulation, the Obligation to Withhold Tax is excluded in the period from 1 January 2023 until 31 December 2023 in the cases referred to in Article 26(2c) of the CIT Act.

#### *Personal income tax*

Analogous provisions apply to personal income tax, including Article 41(12) of the PIT Act which provides for an analogous tax withholding obligation. The Regulation of the Minister of Finance dated 28 December 2022 regarding the exclusion of the obligation to withhold flat-rate personal income tax is the equivalent of the Regulation described above.

#### ***Related parties***

Under Art. 11a(1)(5) of the CIT Act (and analogically in accordance with the Art. 23m(5) of the PIT Act) "links" shall mean the relations referred to in subparagraph Art. 11a(1)(4) of the CIT Act (and analogically in accordance with the Art. 23m(1)(4) of the PIT Act), existing among related entities.

In accordance with the Art. 11a(1)(4) of the CIT Act (and analogically in accordance with the Art. 23m(1)(4) of the PIT Act), related entities shall mean:

- a) entities of which one entity exercises a significant influence on at least one other entity; or
- b) entities on which a significant influence is exercised by:
  - the same other entity; or
  - the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity; or
- c) a partnership without legal personality and its shareholder; or
  - ca) a partnership referred to in Article 1(3)(1) of the CIT Act and its general partner; or
  - cb) a partnership referred to in Article 1(3)(1a) of the CIT Act and its shareholder; or



- d) a taxable person and their foreign establishment, and in the case of a tax capital group - a company being its part and its foreign establishment.

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

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

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

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

Natural persons are required to file the solidarity levy amount statements on the official forms provided by 30 April of the calendar year and pay the levy by the same day. Please note that separate rules may be applicable for individuals conducting business activity, in particular in respect to social security contributions.

***Tax on civil law transactions***

Under Art. 1.1.1.a of the Tax on Civil Law Transactions Act dated 9 September 2000 (the “**PCC Act**”), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. 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 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 August 29, 1997 (the “**Tax Code**”), 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.

### ***General Anti Abuse Regulations***

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

If, in the course of proceedings, the party indicates an appropriate action, the tax consequences will be determined based on the circumstances that would occur if such action were performed (Article 119a § 4 of the Tax Code). According to Article 119a § 5 of the Tax Code, the provisions of § 2-4 do not apply if the circumstances indicate that the achievement of such tax benefit would be the only purpose of performing the action referred to in § 1. In such case, the tax consequences are determined based on the circumstances which would occur if such action was not performed.

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

- (a) an unjustified division of operations;
- (b) the use of intermediaries despite a lack of economic or commercial grounds for their presence;
- (c) the state of affairs following the arrangements is identical or similar to the state existing before the activity was undertaken;

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

### **United States Federal Income Taxation**

The below discussion only applies to Registered Notes issued pursuant to Rule 144A. Bearer Notes are not being offered to U.S. persons. A U.S. person who owns a Bearer Note will be subject to adverse consequences under U.S. federal income tax law, including disallowance of losses and treatment of gain as ordinary income.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below) (except that the discussion under “Further Issues” below applies to all holders). This summary does not address the U.S. federal income tax consequences to holders who are not U.S. Holders or of every type of Note which may be issued under the Programme, and the applicable Final Terms will contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary only applies to Notes held as capital assets and does not address aspects of U.S. federal income taxation that may be applicable to U.S. Holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organizations, dealers or traders in securities or currencies, U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons required to accelerate the recognition of any item of income with respect to the Notes as a result of such income being recognized on applicable financial statements, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, or investors that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the consequences of U.S. federal estate and gift tax, state, local, or non-U.S. tax laws, the Medicare tax on net investment income or the alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not address the U.S. federal income tax treatment to U.S. Holders that do not acquire Notes as part of the initial distribution at their initial offering price (as described below under “*Original Issue Discount*”).

This summary is based on the Code, existing and proposed U.S. Treasury regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to the consequences of acquiring, owning or disposing of Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

### ***Payments of Interest***

Interest on a Note, including any additional amounts, whether payable in U.S. dollars or a single currency other than U.S. dollars (a “**foreign currency**”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “*Original Issue Discount — General*”), but excluding any amount attributable to pre-issuance accrued interest, generally will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes. Notwithstanding the foregoing, interest that is payable on a Note with a maturity of one year or less from its issue date after taking into account the last possible date that the Note could be outstanding under the terms of the Note (a “**Short-Term Note**”) is included in a U.S. Holder’s income under the rules described below under “*Short-Term Notes*”. Interest paid by the Issuer on the Notes and original issue discount (“**OID**”), if any, accrued with respect to the Notes (as described below under “*Original Issue Discount*”) generally will constitute income from sources outside the United States and generally will be treated as “passive category income” for U.S. foreign tax credit purposes. The creditability of non-U.S. income taxes is subject to limitations, including some that vary depending on a U.S. Holder’s circumstances. In addition, recently issued Treasury regulations require non-U.S. income tax laws to meet certain requirements in order for taxes imposed under such laws to be eligible for credit. The Issuer has not determined whether these requirements have been met with respect to Polish withholding taxes. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Polish taxes withheld with respect to the Notes generally and in their particular circumstances.

### ***Original Issue Discount***

#### *General*

The following is a summary of certain U.S. federal income tax consequences of the ownership of Notes issued with OID.

A Note will be treated as issued with OID (a “**Discount Note**”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the product of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the Series of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not

payments of “qualified stated interest”. A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually during the entire term of the Note at a single fixed rate (with certain exceptions for certain first or final interest payments), or a variable rate (in the circumstances described below under “*Variable Interest Rate Notes*”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining for U.S. federal income tax purposes whether a Note has OID and the yield and maturity of a Note, the Issuer may, under certain circumstances, be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder may, under certain circumstances, be deemed to exercise any put option that has the effect of increasing the yield on the Note. If it was deemed that any call or put option would be exercised but was not in fact exercised, the Note would be treated solely for the purpose of calculating OID as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note’s adjusted issue price on that date. Notice may be given in the applicable Final Terms when the Issuer determines that a particular Note will be a Discount Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder owns the Discount Note. The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the amount of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “*Election to Treat All Interest as Original Issue Discount*”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” (as defined below) and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse

floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a

qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be calculated such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. Special rules apply to “contingent payment debt instruments” under applicable U.S. Treasury regulations, and this summary does not discuss those rules. In the event the Issuer issues contingent payment debt instruments, the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

### ***Amortizable Bond Premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortizable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note’s yield to maturity) to that year. Any amounts attributable to pre-issuance accrued interest are ignored in determining the “amortizable bond premium”. Special rules may limit the amortization of bond premium with respect to Notes subject to early redemption. Any election to amortize bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S.

Holder, and is irrevocable without the consent of the IRS. See also “*Election to Treat All Interest as Original Issue Discount*”. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of the premium amortized in any year. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note.

### ***Market Discount***

If a U.S. Holder of a Note purchases the Note at a price that is lower than stated redemption price at maturity (i.e., the total of all future payments to be made on the Note other than payments of qualified stated interest) (or in the case of a Discount Note, its adjusted issue price) by at least 0.25 percent of its stated redemption price at maturity or adjusted issue price, respectively, multiplied by the number of remaining whole years to maturity (or, in the case of a Note that is an installment obligation, the Note’s weighted average remaining maturity), the Note will be considered to have “market discount” in the hands of such U.S. Holder. In such case, gain realized by the U.S. Holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by the U.S. Holder. In addition, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of the Note, or, at the election of the U.S. Holder, under a constant-yield method, and such election applies only to such Note with respect to which it is made and is irrevocable.

A U.S. Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a U.S. Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

### ***Short-Term Notes***

A Short-Term Note will be treated as issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. U.S. Holders that report income for federal income tax purposes on an accrual method are required to include OID in income on such Short-Term Note on a straight-line basis, unless an election is made to accrue the OID according to a constant yield method based on daily compounding.

Other U.S. Holders of a Short-Term Note are generally not required to accrue OID for federal income tax purposes, unless they elect to do so, with the consequence that the reporting of such income is deferred until it is received. In the case of a U.S. Holder that is not required, and does not elect, to include OID in income currently, any gain realized on the sale, exchange or retirement of a Short-Term Note is ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, U.S. Holders that are not required, and do not elect, to include OID in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Short-Term Note in an amount not exceeding the deferred interest income with respect to such Short-Term Note (which includes both the accrued OID and accrued interest that are payable but that have not been included in gross income), until such deferred interest income is realized. A U.S. Holder’s tax basis in a Short-Term Note is increased by the amount included in such holder’s income on such a Note.

### ***Election to Treat All Interest as Original Issue Discount***

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “*Original Issue Discount — General*”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, and unstated interest, as adjusted by any amortizable bond premium (described above under



“*Amortizable Bond Premium*”). A U.S. Holder’s tax basis in a Note will be increased such amounts accrued under the constant yield election described in this paragraph. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

### ***Sale, Exchange or Retirement of Notes***

A U.S. Holder will generally recognize gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID (including any amounts treated as OID as described above under “*Election to Treat All Interest as Original Issue Discount*”) or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount and reduced by (i) the amount of any payments that are not qualified stated interest payments, (ii) any amounts paid on the Notes that are attributable to pre-issuance accrued interest and (iii) the amount of any amortizable bond premium applied to reduce interest on the Note. The amount realized does not include the amount attributable to accrued but unpaid qualified stated interest (and any additional amounts paid with respect thereto), which will be taxable as interest income to the extent not previously included in income. Except to the extent attributable to changes in exchange rates (as discussed below), gain or loss recognized on the sale, exchange or retirement of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange, or retirement. In the case of an individual U.S. Holder, any such gain may be eligible for preferential U.S. federal income tax rates if the U.S. Holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations. Polish taxes (if any) imposed on any gain recognized on the sale, exchange or retirement of a Note generally will not be creditable for U.S. foreign tax credit purposes. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Polish taxes imposed on the gain recognized on the sale, exchange or retirement of a Note and the impact of any such Polish taxes on the determination of the amount realized.

### ***Foreign Currency Notes***

The following summary describes certain special rules applicable to a U.S. Holder of a Note that is denominated in a single currency other than the U.S. dollar or the payments of interest or principal which are payable in a single currency other than the U.S. dollar (a “**Foreign Currency Note**”). However, the U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition Notes that are not Foreign Currency Notes are not discussed herein and may be discussed in the applicable Final Terms.

#### ***Interest***

If an interest payment (other than OID) is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment (including OID and reduced by amortizable bond premium to the extent applicable) denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, an accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case

of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Amounts attributable to pre-issuance accrued interest will generally not be includable in income, except to the extent of foreign currency gain or loss attributable to any changes in exchange rates during the period between the date the U.S. Holder acquired the Note and the first Interest Payment Date. This foreign currency gain or loss will be treated as U.S. source ordinary income or loss and generally will not be treated as an adjustment to interest income received on the Note.

#### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale, exchange or retirement of the Note), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt or on the date of disposition of the Note, as the case may be) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a capital loss when the Note matures.

#### *Market Discount*

Market discount on a Foreign Currency Note will be accrued by a U.S. Holder in the specified currency. The amount includable in income by a U.S. Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the U.S. Holder. Any accrued market discount on a Foreign Currency Note that is currently includable in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. holder's taxable year). A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

### *Sale, Exchange or Retirement of Foreign Currency Notes*

As discussed above under “*Sale, Exchange or Retirement of Notes*”, a U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and its adjusted tax basis in the Note. A U.S. Holder’s initial tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note.

The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price translated at the spot rate on the date of purchase. In the case of Notes considered to be traded on an established securities market under the applicable U.S. Treasury Regulations, a cash-basis U.S. Holder and an accrual-basis U.S. Holder that so elects will determine the U.S. dollar cost of such Notes by translating the foreign currency purchase price at the spot rate of exchange on the settlement date of the purchase.

The amount realized on a sale, exchange, retirement or other taxable disposition for an amount in foreign currency will generally be the U.S. dollar value of such foreign currency amount translated at the spot rate on the date of the disposition. In the case of Notes considered to be traded on an established securities market under the applicable U.S. Treasury Regulations, a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), will determine the amount realized on the disposition by translating such foreign currency amount at the spot rate of exchange on the settlement date of the disposition. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder’s purchase price (excluding any bond premium previously amortized) for the Note (i) on the date of the disposition and (ii) on the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realized only to the extent of total gain or loss realized on the disposition (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest (including OID)). The source of the foreign currency gain or loss realized by a U.S. Holder will be U.S.-source ordinary income or loss. Any gain or loss realized by these holders in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the holder’s income), and will be treated in the manner described above in “*Sale, Exchange or Retirement of Notes*”. If a U.S. Holder recognizes a loss upon a sale or other disposition of a Foreign Currency Note and such loss is above certain thresholds, then such holder may be required to file a disclosure statement with the IRS. U.S. Holders should consult their tax advisers regarding this reporting obligation, as discussed under “*Reportable Transactions*” below.

Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be U.S.-source ordinary income or loss.

### ***Other Notes***

A description of the principal U.S. federal income tax considerations relevant to U.S. Holders of any other type of Note that the Issuer may issue under the Programme may be set forth, if required, in the applicable Final Terms.

### ***Further Issues***

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with

OID even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

### ***Backup Withholding and Information Reporting***

In general, payments of interest and accruals of OID on, and the proceeds of a sale, exchange or retirement of, the Notes, by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with all applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers regarding any reporting obligations they have as a result of their acquisition, ownership or disposition of the Notes. Failure to comply with these reporting or filing obligations could result in the imposition of substantial penalties.

### ***Reportable Transactions***

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

### ***Foreign Financial Asset Reporting***

**U.S. taxpayers that own certain foreign financial assets, including debt of non-U.S. entities, with an aggregate value in excess of U.S.\$50,000 at the end of the taxable year or U.S.\$75,000 at any time during the taxable year (or, for certain individuals living outside of the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisers regarding the application of the rules relating to foreign financial asset reporting.FATCA**

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "FATCA"), and subject to the proposed regulations discussed below, a "foreign financial institution" (as defined by FATCA, and including an intermediary through which Notes are held) may be required to withhold U.S. tax at a rate of 30 percent on certain "foreign passthru payments" to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after applicable final regulations defining foreign passthru payments are filed in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income

tax purposes after the expiration of this grandfathering period. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments (including the Republic of Poland) have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Bank Pekao S.A., BNP Paribas, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE and Société Générale (together the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed for by, Dealers are set out in the Dealer Agreement and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed for by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Dealers will be entitled in certain circumstances to be released and discharged from their obligations under the Dealer Agreement prior to the closing of an issue of Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the relevant Issue Date. In this situation, such issuance of Notes may not be completed. Investors will have no rights against the Issuer, the Guarantor or any Dealer in respect of any expense incurred or loss suffered in these circumstances.

### **United States of America**

#### ***Guaranteed Notes***

The following provisions apply to Guaranteed Notes only.

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes and the Guarantee of the Notes may not be offered or sold within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D applies or whether TEFRA is not applicable.

The Notes and the Guarantee of the Notes are being offered and sold outside of the United States in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

An offer or sale of Notes and the Guarantee of the Notes from that offering within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A, or another available exemption from registration under the Securities Act.

#### ***Notes other than Guaranteed Notes***

The following provisions apply to Notes other than Guaranteed Notes only.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions

permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D applies or whether TEFRA is not applicable.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A, or another available exemption from registration under the Securities Act.

#### **Prohibition of Sales to EEA Retail Investors**

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - iii) not a qualified investor as defined in the Prospectus Regulation; and
- b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes other than Guaranteed Notes does not include a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, in relation to each Member State of the EEA, each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

- b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer and provided that, with respect to Poland, each person who has been an addressee of any offering of the Notes within a period of 12 consecutive months shall be included in this number; or
- c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in sub-clauses (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### **Prohibition of Sales to UK Retail Investors**

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or
  - ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or
  - iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes other than Guaranteed Notes does not include a legend entitled “Prohibition of Sales to UK Retail Investors”, each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- c) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- d) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or



- e) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in sub-clauses (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### **Other United Kingdom regulatory restrictions**

Each Dealer has represented, warranted and agreed that:

- a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
- i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - A. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - B. who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or (if the Notes are Guaranteed Notes) the Guarantor; and
- c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **Japan**

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

## Singapore

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

In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes issued under the Programme are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).

## Switzerland

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes, and neither this Offering

Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular.

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

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

## TRANSFER RESTRICTIONS

### Restricted Notes

Each purchaser of Restricted Notes and, in the case of Restricted Notes which are Guaranteed Notes, the Guarantee of the Notes, within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is not an affiliate of the Issuer or acting on behalf of the Issuer, and it is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
2. (i) The Restricted Notes and, in the case of Restricted Notes which are Guaranteed Notes, the Guarantee of the Notes, have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.
3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS NOTE [AND THE GUARANTEE IN RESPECT HEREOF] [HAS][HAVE] NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE INSTRUMENTS.

4. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes and, in the case of Restricted Notes which are Guaranteed Notes, any Guarantee of the Notes, for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

5. It understands that the Restricted Notes will be represented by a Restricted Global Registered Note. Before any interest in a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

### **Unrestricted Notes**

The following provisions apply to Notes other than Guaranteed Notes only.

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
2. It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
4. It understands that the Unrestricted Notes will be represented by an Unrestricted Global Registered Note, or as the case may be, a Global Note. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Registered Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

## GENERAL INFORMATION

### **Listing and admission to trading**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme described in this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange.

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

### **Authorisations**

Each of the Issuer and Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the Guarantee of the Notes.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. In addition, the Issuer may make an application with respect to any Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Notes of each Tranche issued by the Issuer will be confirmed in the Final Terms relating thereto. The appropriate Common Code, the International Securities Identification Number, (where applicable) the Committee on Uniform Security Identification Procedure number and (where applicable) the identification number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Euroclear's address is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. Clearstream, Luxembourg's address is 42, avenue Kennedy, 1855 Luxembourg, Luxembourg. DTC's address is 55 Water Street, New York, New York 10041 USA.

### **Litigation**

Except as disclosed in the section *Description of the Issuer – Legal proceedings* on page 190 of this Offering Circular, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer and/or the Group.

### **Material/Significant Change**

Save as disclosed in the section "*Risk Factors*" under the risk factors titled "*Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*" and "*Russian aggression in Ukraine could have a material adverse effect on the Group's business, results of operations and financial position*", there has been no material adverse change in the prospects of the Issuer and/or the Group since 31 December 2022.

Save as disclosed in the section "*Risk Factors*" under the risk factors titled "*Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*" and "*Russian aggression in Ukraine could have a material adverse effect on the Group's business, results of operations and financial position*", there has been no significant change in the financial position or financial performance of the Issuer and/or the Group since 31 December 2022.

## Documents available for inspection

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

- a) the Guarantees of the Notes;
- b) the Agency Agreement;
- c) the Deed of Covenant;
- d) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- e) the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego;
- f) the resolutions of the Management Board of the Issuer authorising the issuance of each Tranche of the Notes;
- g) the resolutions of the Supervisory Board of the Issuer authorising the issuance of each Tranche of the Notes; and
- h) the Letters of Issue relating to each Tranche of the Notes for which a Letter of Issue is required by law,

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

- (A) this Offering Circular (and any supplements hereto);
- (B) the Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a holder of the relevant Notes upon production of evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity;
- (C) the consolidated financial statements of the Group (together with the opinion and report of the auditor) for the three most recent financial years;
- (D) the standalone financial statements of the Issuer (together with the opinion and report of the auditor) for the three most recent financial years; and
- (E) the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 28 March 2023.

In addition, this Offering Circular, any supplements hereto and the documents specified as containing information incorporated by reference in this Offering Circular will also be available on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). The Issuer publishes reports on an annual basis which are available free of charge and without access restrictions on the Issuer's website, [www.en.bgk.pl/investor-relations/annual-report](http://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/](http://www.bgk.pl/przydatne-informacje/standardy-dzialania/lad-korporacyjny/). English translations of the Act dated 14 March

2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego constituting the Issuer's up-to-date memorandum and articles of association are available free of charge and without access restrictions on the Issuer's website, <https://www.en.bgk.pl/about-us/investor-relations/operating-standards/>.

### **Auditors**

The Group's consolidated financial statements for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 and the Issuer's standalone financial statements for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 have been audited by Małgorzata Pek-Kocik, statutory auditor, member of the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*), licence no. 13070, acting on behalf of Mazars Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at ul. Piękna 18, 00-549 Warsaw, an entity authorised to audit financial statements entered on the list kept by the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*) under no. 186 and Mazars Audyt spółka z ograniczoną odpowiedzialnością have rendered unqualified audit reports on these financial statements of the Group and the Issuer.

### **Yield**

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

### **Conflicts of Interest**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and their affiliates. Certain of the Dealers of their affiliates that have a lending relationship with the Issuer and the Guarantor routinely hedge their credit exposure to the Issuer, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Issuer Website**

The Issuer's website is <https://www.en.bgk.pl/>. Unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.



**Validity of Offering Circular and supplements**

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Offering Circular after the end of its 12-month validity period.

**The Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 259400BCOV9JJIGLYF05.

## THE ISSUER

### **Bank Gospodarstwa Krajowego**

Al. Jerozolimskie 7  
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## THE GUARANTOR

### **The Republic of Poland**

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**REGISTRAR**

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**LUXEMBOURG LISTING AGENT**

**Banque Internationale à Luxembourg, société anonyme**

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