

## SUPPLEMENT DATED 14 JUNE 2022 TO THE BASE PROSPECTUS DATED 24 MARCH 2022

### PKO BANK HIPOTECZNY S.A.

*(incorporated as a joint-stock company under the laws of the Republic of Poland)*

**EUR 4,000,000,000**

#### **Programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*)**

This Supplement (the **Supplement**) to the Base Prospectus dated 24 March 2022 (the **Base Prospectus**), which comprises a base prospectus for the purposes of the Prospectus Regulation, constitutes a first supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the EUR 4,000,000,000 programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*) (the **Programme**) established by PKO Bank Hipoteczny S.A. (the **Bank**).

Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Bank.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **Purpose of the Supplement**

The purpose of this Supplement is to: (a) add a risk factor – "The proposed regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Bank's financial condition"; (b) update the information on the composition of the Bank's Supervisory Board; and (c) include information on the status of the implementation of the Covered Bonds Directive into Polish law.

#### **Amendments to the Base Prospectus**

1. A new risk factor, which reads as follows, shall be added on page 15 of the Base Prospectus:

***"The proposed regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Bank's financial condition"***

The Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*) has recently increased the Polish reference rates several times and as of 14 June 2022 the main reference rate is 6 per cent. According to the Polish Banking Association (in Polish: *Związek Banków Polskich*), the interest rate on the vast majority of mortgage loans is a floating interest rate, being the sum of WIBOR and an applicable margin. WIBOR reflects the changes in the main reference rate so the reference rate increase led to an increase of interest rates under the mortgage loans.

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 (in Polish: *Ustawa o finansowaniu społecznościowym dla przedsięwzięć gospodarczych i pomocy kredytobiorcom*, the **Act on Supporting Borrowers**). The Act on Supporting Borrowers was adopted on 9 June 2022 by the lower house of the Polish parliament (*Sejm Rzeczypospolitej Polskiej*) and must further be adopted by the upper house (*Senat Rzeczypospolitej Polskiej*) and signed by the

President to enter into force. It is uncertain how long the legislative procedure may take and what will be the final, binding version of this act.

The Act on Supporting Borrowers: (i) introduces the possibility for the borrowers to suspend the repayment of mortgage loan instalments, (ii) imposes obligation on banks to pay an additional premium to the Borrowers Support Fund (in Polish: *Fundusz Wsparcia Kredytobiorców*), and (iii) replaces WIBOR with a new benchmark. Under the Act on Supporting Borrowers, a borrower under a mortgage loan denominated in PLN, who is a consumer may suspend the repayment of one loan agreement which was provided to finance its own housing needs. The suspension period will be 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 amount and fee), except for payments of the insurance premiums linked to the loan agreement. The suspension is effective automatically upon the delivery of the 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.

As the legislative procedure concerning the Act on the Supporting Borrowers is still ongoing and it may be subject to further changes, the Bank is not able to estimate the exact influence the Act on Supporting Borrowers may have on the Bank's financial position. According to the opinion of the National Bank of Poland concerning the Act on Supporting Borrowers submitted to the Polish parliament on 25 May 2022, if all borrowers under mortgage loan agreements requested the suspension of the performance of their loan agreements, the aggregate cost of these suspensions for the whole Polish banking sector would be PLN 20 billion. According to the Bank's own estimate, based on the information on the outstanding amount of the mortgage loans for housing purposes denominated in PLN published by the KNF, the Issuer's market share in the PLN-denominated mortgage loans as at 31 December 2021 was 5.8 per cent.

Under the IFRS, the suspension of payments of principal and interest affected by the Act on Supporting Borrowers requires the revision of estimates of future flows under the loans. The result of this recalculation made using the original effective interest rate should be recognised upfront in the Bank's accounting records as an adjustment to the gross carrying amount and in profit and loss statement on the date the Polish president signs the Act on Supporting Borrowers. The Bank will recognise this impact on the basis of estimates prepared by the Bank in which it will assume the expected level of use of the suspension of payments by borrowers. Subsequently, the effect of changes in estimates resulting from the incorporation to the analysis the current actual data on the scale of borrowers' use of suspensions will be recognised prospectively in profit and loss statement. As of the date of this Supplement, the Bank is not able to provide a reliable estimate of how the Act on Supporting Borrowers will affect its financial situation. If under these estimates a large number of borrowers under the loans included in the Bank's loan portfolio decide to request the suspension, the financial condition of the Bank will be negatively affected and the Bank will generate a significant loss. The Bank's ability to make interest and principal payments under its covered bonds may also be negatively affected. The Bank cannot exclude that the suspension of payments under the mortgage loans could also lead to a breach of the requirement to maintain a buffer for interest payments under the outstanding covered bonds, which may consist only of interest paid by the borrowers under the mortgage loans. The deterioration in the Bank's financial condition may also lead to the Bank breaching the other regulatory requirements and capital ratios applicable to the Bank.

Additionally, the Act on Supporting Borrowers introduces a procedure for replacing WIBOR with a new benchmark. The details of the benchmark replacing WIBOR are not yet known. Introducing a new benchmark may lead to a decrease of the Bank's interest income under the loans in its portfolio.

It may also create operational challenges associated with adapting the Bank's internal processes and settlement procedures to the new benchmark. The Act on Supporting Borrowers also amends the framework for operations of the Borrowers' Support Fund. The goal of these amendments is to facilitate access to the support provided the Borrowers' Support Fund. As of the date of this Supplement, the Bank is not required to make contributions to the Borrowers' Support Fund"

## 2. Changes to the composition of the Bank's Supervisory Board

Due to the resignation of Piotr Kwiecień from the Bank's Supervisory Board and the appointment of Maciej Brzozowski, Elżbieta Bugaj and Jakub Niesłuchowski as members of the Bank's Supervisory Board, the information on pages 76-78 of the Base Prospectus is no longer accurate and shall be replaced with the following:

### "Supervisory Board

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

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

Name	Year of birth	Position	Commencement of membership	Commencement of current term	Date of expiration of the current term*
Mieczysław Król	1958	Chairperson	13 August 2021	30 March 2019	30 June 2023
Maciej Brzozowski	1973	Deputy Chairperson	28 April 2022	30 March 2019	30 June 2023
Elżbieta Bugaj	1976	Member	28 April 2022	30 March 2019	30 June 2023
Lucyna Kopińska	1966	Member	1 September 2019	30 March 2019	30 June 2023
Jadwiga Lesisz	1974	Member	1 September 2019	30 March 2019	30 June 2023
Paweł Metrycki	1976	Member	30 March 2019	30 March 2019	30 June 2023
Jakub Niesłuchowski	1981	Member	28 April 2022	30 March 2019	30 June 2023
Ilona Wołyniec	1968	Member	30 March 2019	30 March 2019	30 June 2023

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

Mr Jakub Niesłuchowski is a member of the supervisory board of Bank Pocztowy S.A., a Polish bank which is the Bank's competitor. This may create potential conflicts of interest between Mr Niesłuchowski's duties to the Bank and his duties to Bank Pocztowy S.A. Apart from this potential conflict of interest, to the best of the Bank's knowledge, there are no potential conflicts of interest between the duties owed by the members of the Supervisory Board with respect to the Bank and their private interests or other duties.

To the best of the Bank's knowledge, members of the Supervisory Board of the Bank do not perform any principal activities outside of the Bank other than those disclosed below.

### ***Mieczysław Król***

Mr Król is a graduate of the Faculty of Finance and Statistics at the Warsaw School of Economics and the International School of Management. He completed his post-graduate studies at the Warsaw School of Economics (Collegium of Management and Finance).

He has been working in banking and finance for over 30 years. He has worked, among other places, at the National Bank of Poland. Associated with PKO Bank Polski S.A. for many years, he was Director of the Audit Department from 2006 to 2010 and, at the same time, Chairman of the Audit Committee of KREDOBANK S.A. Then, from 2011 to 2015, he was Director of the Audit Department at Bank Ochrony Środowiska S.A. in Warsaw. From 2006 to 2007, he combined his work at PKO Bank Polski S.A. with his function on the Supervisory Board of Centrum Finansowo-Bankowe in Warsaw. In 2007, he was Chairman of the Supervisory Board of Zakłady Chemiczne Organika Sarzyna in Nowa Sarzyna and of Zakłady Konserwacji Zabytków. He has lectured at the Academy of Business Activity in Warsaw and has authored many articles about banking and economics.

From 1998 to 2002, he was a councillor for the District of Warsaw. He was Deputy Chairman of the Budget Committee and a member of the Audit Committee. From 2002 to 2014, he was a councillor on the City Council of the Capital City of Warsaw, where he was, among other things, Chairman and then Deputy Chairman of the Budget and Finance Commission and a member of the Health Commission. As part of his social activities, he managed the Social Board at the Father Jerzy Popiełuszko Hospital in Bielany, Warsaw.

He is a member of the supervisory boards of PKO Życie Towarzystwo Ubezpieczeń S.A., PKO Towarzystwo Ubezpieczeń S.A., PKO Leasing S.A. and Spółdzielnia Mieszkaniowa Budownictwa Jednorodzinnego Nieporęt.

### ***Maciej Brzozowski***

Mr Brzozowski has been working in the banking sector since the beginning of his professional career. Currently, he is a Vice President of the Management Board of PKO Bank Polski S.A., in charge of the Analyses, Business and Enterprise Banking and Affluent Client Area. Until 24 March 2022, he was a member of the Management Board of Alior Bank, responsible for managing market, liquidity and operational risk, supervising, among other things, Alior Bank's credit policy for retail and business clients as well as the area of debt collection and restructuring. He chaired and was a member of the relevant committees in this regard. He also took part in many business and optimisation projects implemented in Alior Bank.

He started his career in 1996 at PKO Bank Polski S.A., subsequently becoming associated with Kredyt Bank. In the years from 2017 to 2020, he dealt with the issues of risk and stability of the financial system at the National Bank of Poland as deputy director of the Financial Stability Department. His responsibilities also included cooperation with the European Systemic Risk Board in the area of systemic risk. At the NBP, he was also involved in the topics concerning macroprudential instruments and was responsible for analysing new solutions in the CRD IV/CRR package regarding regulations of banks' operations, imposing capital buffers and prudential requirements for credit institutions.

From 2008 to 2012, he held managerial functions in the Risk Assessment Department and the Inspection Department in the Polish Financial Supervision Authority Office, where he was responsible, among other things, for the area of banking regulations and validation of advanced credit risk models for calculating banks' capital requirements. In 1999, he was involved in the sales and risk area at Kredyt Bank, where he worked inter alia in the Credit Risk Department and Risk Management Department. He also coordinated the optimisation of business processes in the organisation. He

participated in works related to building models determining the risk of default for corporate entities and calculating capital requirements. He is a graduate of the Faculty of Management at the University of Warsaw. He holds the title of Master of Business Administration from the Management Training Centre at this university. He lectured on the basics of financial risk at the Social College of Entrepreneurship and Management in Łódź.

### ***Elżbieta Bugaj***

Ms Bugaj holds a degree in foreign trade from the Faculty of International Economic and Political Relations at the Cracow University of Economics. She also completed her Executive MBA Studies at the Gdańsk Foundation for Management Development in cooperation with the University of Gdańsk and validated by the IAE Aix-Marseille Graduate School of Management.

She has more than 20 years of experience in the industrial sector and the energy sector. In the years from 2003 to 2010, she managed the sales and marketing departments at EKOFOL. For the next ten years, until 2020, she worked as a commercial director, managing purchase, domestic and foreign sales, as well as the marketing sectors at ERG Bieluń Folie.

Since 2020, she has been a member of the management board of Energa Obrót S.A., responsible for the area of wholesale energy trade and additionally overseeing operations in the Risk Management Office, Regulatory Management and Compliance Office and the Marketing Department. She is also a member of the Supervisory Board of Orlen Oil Sp. z o.o.

### ***Lucyna Kopińska***

Ms Kopińska graduated from the Economics Faculty at the Mikołaj Kopernik University in Toruń. During her professional career, she has participated in multiple post-graduate studies and training courses in finance, financial analysis and management and, among others, in management accounting at the Academy of Economics in Poznań. She holds the title of Master of Business Administration from the Banking University in Gdańsk.

Ms Kopińska began her professional career in 1991 as Head of the Operations, Cash and Treasury Department in the Cooperative Bank in Bydgoszcz. In the years from 1994 to 2001, she was employed at Bank Handlowy w Warszawie S.A. as a Manager of Customer Services and Head of the Bank Accounts Department. From 2001 to 2007, she was Director of the Northern Region of the Transaction Banking Products Sales Office at Bank Handlowy w Warszawie S.A. Starting from 2007, she has been employed at PKO BP as Regional Director of Retail Banking in Bydgoszcz. She manages 1,215 regional employees in the Kuyavia and Pomerania voivodeship, as well as parts of the Pomeranian, Mazovian, Warmian and Mazurian, and Greater Poland voivodeships.

### ***Jadwiga Lesisz***

Ms Lesisz graduated from her two-year MBA studies at the Banking University in Wrocław and Franklin University in the USA, and completed her post-graduate studies in Real Estate Management at the Wrocław Technical University, specialising in real estate valuation and management. She holds a real estate manager licence and is a certified project manager. She graduated from the Wrocław University of Economics, majoring in international relations and foreign trade. She passed the exam for candidates for supervisory board members in companies owned by the State Treasury of the Republic of Poland and has supervisory board experience.

Ms Lesisz has over 20 years of professional experience (including in the SME sector). She held the position of vice president and acted as president of the Polish Agency for Enterprise Development. She managed the operations of the Agency, allocating EU funds that supported the development of SMEs. She was responsible in particular for completing public tasks relating to developing

innovations in enterprises. She initiated cooperation in the construction of an eco-system start-up in Poland and supervised government contracts, managing assets and IT resources of the Agency.

Acting as Director of the Project Management Department in the Ministry of Development, she was responsible for the preparation and implementation of a uniform methodology and culture in project management, which included coordinating key projects. She was a member of the Audit Committee in the Ministry of Development.

Currently, Ms Lesisz is the General Director of the Ministry of Family, Labour and Social Policy. She is also a member of the Supervisory Board of PKN Orlen S.A. and a member of the Audit Committee of PKN Orlen S.A.

In the years from 2012 to 2016, she was employed by PKO BP, where she managed real estate leases entered into by PKO BP's branches, and supervised and participated in negotiations. She was involved in overseeing the optimisation of PKO BP's branch network.

### ***Paweł Metrycki***

Mr Metrycki is a graduate of the Faculty of Computer Science and Econometrics at the University of Łódź. He also completed his post-graduate studies in Economic Information Technology at the Warsaw School of Economics. In 2006, he passed the Professional Risk Management Association exam and obtained the title 'Professional Risk Manager'. He has also participated in the Algo Academy training courses in Frankfurt and London.

For 11 years, Mr Metrycki held various senior management positions in the banking sector. In 2008, he took up the position of Head of the Market Risk Department at PKO BP. Then, he became Head of PKO BP's Credit Risk Department, focusing on issues related to credit risk in retail, corporate and financial institutions. He has been heading the Banking Risk Division for seven and a half years, where he is responsible for credit risk, market risk, liquidity risk, operational risk management and capital adequacy. He is a member of the key decision-making committees of PKO BP, including the Credit Committee and the Asset and Liability Management Committee.

He is a member of Supervisory Boards of PKO Życie Towarzystwo Ubezpieczeń S.A., PKO Towarzystwo Ubezpieczeń S.A. and PKO Faktoring S.A.

### ***Jakub Niestuchowski***

Mr Niestuchowski is a graduate of the Warsaw School of Economics. He is also a certified Financial Risk Manager and a Chartered Financial Analyst. Additionally, he is a graduate of the Advanced Management Programme from the IESE Business School at the University of Navarra.

From 2015 to 2019, he was the Bank's Deputy CEO and CFO. In March 2019, he became the Managing Director of PKO BP's Finance Division where he is responsible for strategic asset and liability management, controlling and financially supervising PKO Group entities.

Before joining the Group, he worked at PwC, where he advised financial institutions in Poland and abroad on risk management, capital adequacy, performance measurement and establishing mortgage banks, including the Bank. He is also a Supervisory Board Member of Bank Poczty S.A.

### ***Ilona Wołyniec***

Ms Wołyniec is a graduate of the Faculty of Law at the University of Gdańsk. She has the qualifications of legal counsel. She has been involved with the financial sector for over 20 years.

Currently, she is associated with PKO BP, where she is Head of the Relationship with Strategic Clients and Project Finance Division and is responsible for cooperation with the largest corporate clients on the Polish market. She has participated in the preparation of financing for many projects (including investment projects, mergers and acquisitions) in such areas as energy, telecommunications, infrastructure and real estate, the public sector and utilities, using various financial instruments, such as syndicated loans and bond issues. She is a member of the supervisory board of Chmura Krajowa Sp. z o.o."

3. Status of the implementation of the Covered Bonds Directive

The following shall be added on page 93 of the Base Prospectus:

"The act implementing the Covered Bonds Directive and introducing the changes described above was adopted on 7 April 2022 and it will come into force on 8 July 2022."

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.