

Report No. 31/2020

Date: 27-03-2020

**Subject: Impact of SARS-CoV-2 coronavirus spread on the activities of PKO Bank Hipoteczny S.A.**

Legal basis: Art. 56 sec. 1 point 2 of the Act on Public Offerings - current and periodic information

Content of the report:

The Management Board of PKO Bank Hipoteczny Spółka Akcyjna with its registered office in Gdynia ("Bank") hereby informs about the impact of the SARS-CoV-2 coronavirus spread on the Bank's operations.

In view of the identified risk of the epidemic spreading, the Bank has taken all measures to maintain operational continuity, also in the area of customer service through the use of the infrastructure of PKO Bank Polski S.A. Preventive measures were also taken to protect employees' health by directing employees to work remotely. The Bank maintains a good liquidity and capital position at a level exceeding regulatory requirements. The Bank assesses that the activities of the National Bank of Poland in the area of purchase of treasury bonds, promissory note loan and repo operations will be able to further strengthen the Bank's liquidity position.

Due to the negative impact of coronavirus on business activity, the bank expects that customers will be less interested in residential mortgage loans and that their financial standing may deteriorate. The Bank expects the risk costs to increase, the scale of which is currently difficult to estimate reliably.

The decision of the Monetary Policy Council to reduce interest rates and to change the parameters of required reserves will have a total negative impact on the Bank's result at a level not exceeding PLN 1 million in 2020. This impact will materialize gradually in the following quarters. In turn, the decision of the Ministry of Finance to reset the systemic risk buffer, results in a reduction of 3 pp capital requirements.

The Bank indicates that the above assessment of the impact of the SARS-CoV-2 coronavirus epidemic on the Bank's operations, financial results and prospects was based on the Bank's best knowledge as at the date of publication of this current report. A more precise estimate of this impact is currently not possible, and its scale depends largely on external factors that are beyond the Bank's control.

**SIGNATURES OF COMPANY REPRESENTATIVES**

27.03.2020 Paulina Strugała, President of the Management Board

27.03.2020 Agnieszka Krawczyk, Vice President of the Management Board