

FIRST SUPPLEMENT DATED 18 FEBRUARY 2020 TO THE BASE PROSPECTUS DATED 28 AUGUST 2019



PKO BANK HIPOTECZNY SPÓŁKA AKCYJNA

(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**”) constitutes the first supplement to the Base Prospectus dated 28 August 2019 (the “**Base Prospectus**”) and must be read in conjunction with the Base Prospectus prepared by PKO Bank Hipoteczny S.A. (the “**Bank**”) regarding its EUR 4,000,000,000 Programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*) (the “**Programme**”). All capitalised terms used but not otherwise defined shall have the meanings ascribed to them in the Base Prospectus.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the Bank’s knowledge (having taken reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import. This Supplement has been prepared according to Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). This Supplement has been approved by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg in its capacity as competent authority under the Prospectus Regulation.

Information contained in this Supplement updates and/or revises comparable information contained in the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

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

This Supplement will be published in electronic form on the website of the Luxembourg Stock Exchange under www.bourse.lu, will be available free of charge at the specified offices of the Bank and will be published in electronic form on the website of the Bank under www.pkobh.pl. Copies of the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange under www.bourse.lu and on the website of the Bank under <https://www.pkobh.pl/en/current-reports/financial-reports/>.

PURPOSE OF THIS SUPPLEMENT

The purpose of this Supplement is: (a) to insert an additional language in the Base Prospectus in relation to ESMA’s register of administrators under Regulation (EU) No. 2016/1011; (b) to incorporate by reference the English translation of the audited financial statements of the Bank in respect of the financial period from 1 January 2019 until 31 December 2019 (the “**2019 Financial Statements**”) and the English

translation of the Independent Auditor's Report prepared in connection with the audited financial statements of the Bank in respect of the financial period from 1 January 2019 until 31 December 2019 (the "**2019 Audit Opinion**"); (c) to update the section of the Base Prospectus entitled "Supervisory Board", (d) to update a "Significant or Material Change" statement in the Base Prospectus and (e) to update the section of the Base Prospectus entitled "Overview of the Polish Covered Bonds Legislation" and "Taxation".

AMENDMENTS TO THE BASE PROSPECTUS

Information regarding the Regulation (EU) No. 2016/1011

The following paragraph shall be added on the cover page of the Base Prospectus before the paragraph beginning with "The Covered Bonds have not been and will not be registered [...]":

"Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator under the Benchmarks Regulation is a Bank's matter of public record and, save where required by applicable laws, the Issuer does not intend to update the Base Prospectus to reflect any changes in the registration status of the relevant administrator.

Amounts payable on Floating Rate Covered Bonds will be calculated by reference to one of EURIBOR, LIBOR, WIBOR, SONIA or SOFR as specified in the relevant Final Terms. As at the date of this Supplement, the administrators of EURIBOR, LIBOR and WIBOR are included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As at the date of this Supplement, SONIA and SOFR do not fall within the scope of the Benchmark Regulation."

Documents incorporated by reference

On 12 February 2020, the Bank published the 2019 Financial Statements. The 2019 Financial Statements and the 2019 Audit Opinion have been filed with the Commission de Surveillance du Secteur Financier and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus, including the information set out at the following pages of the 2019 Financial Statements in particular:

- (a) income statement – page 3;
- (b) statement of comprehensive income– page 4;
- (c) statement of financial position– page 5;
- (d) statement of changes in equity – page 6;
- (e) statement of cash flow– page 7; and
- (f) notes to the financial statements – pages 8-94.

The 2019 Financial Statements are published on the website of the Bank under:

https://www.pkobh.pl/media_files/37d91308-f9ab-41ea-bebf-a030989c41f0.pdf

The 2019 Audit Opinion is incorporated by reference in its entirety and is published on the website of the Bank under:

https://www.pkobh.pl/media_files/c5d3b639-7ef6-47a6-8530-9d49386bc97c.pdf

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Commission Regulation (EC) 2019/980.

Supervisory Board

The table on page 72 of the Base Prospectus shall be replaced with the table and text below:

Name	Year of birth	Position	Commencement of membership	Commencement of current term	Date of expiration of the current term
Jakub Papierski	1972	Chairman	6 October 2014	30 March 2019	30 June 2023
Justyna Borkiewicz	1964	Member	28 October 2016	30 March 2019	30 June 2023
Iłona Wołyniec	1968	Member	30 March 2019	30 March 2019	30 June 2023
Paweł Metrycki	1976	Vice Chairman	30 March 2019	30 March 2019	30 June 2023
Piotr Kwiecień	1971	Member	18 October 2017	30 March 2019	30 June 2023
Dariusz Odzioba	1970	Member	1 September 2019	1 September 2019	30 June 2023
Lucyna Kopińska	1966	Member	1 September 2019	1 September 2019	30 June 2023
Jadwiga Lesisz	1974	Member	1 September 2019	1 September 2019	30 June 2023

The term of office of the current members of the Supervisory Board shall expire on 31 December 2022. However, since the mandate of a member of the Supervisory Board expires no later than on the date of holding the General Meeting approving the financial statements for the third full financial year in which a member served in the Supervisory Board, the latest date on which a member of the Supervisory Board will leave his office is 30 June 2023, as indicated in the table above.

On 26 August 2019, Mr Artur Kluczny, Mr Jan Emeryk Rościszewski and Mr Rafał Kozłowski tendered their resignations from the positions of members of the Supervisory Board effective as of 31 August 2019. As a result, the Bank's General Meeting appointed Mr Dariusz Odzioba, Ms Lucyna Kopińska and Ms Jadwiga Lesisz as new members of the Supervisory Board. Therefore, the CVs of the members of the Supervisory Board placed after the table on page 72 shall be replaced as follows:

Jakub Papierski

Mr Papierski graduated from the Warsaw School of Economics. He is also a Chartered Financial Analyst (CFA). He commenced his professional career at the consulting company Pro-Invest International in 1993. Between 1995 and 1996, he worked for ProCapital Brokerage House and subsequently for Creditanstalt Investment Bank. In March 1996, he started working for Deutsche Morgan Grenfell/Deutsche Bank Research dealing with the banking sector in Central and Eastern Europe.

Between November 2001 and September 2003, he worked for Bank Pekao S.A. as Executive Director of the Financial Division, directly supervising the financial and fiscal policy of the bank, managerial information systems, as well as the treasury and management of investment portfolios. In addition, he was a member of the Asset and Liability Management Committee of that bank. In October 2003, he was appointed President of the Management Board of Centralny Dom Maklerski Pekao S.A. In September 2006, he took up the position of Deputy Chairman of the Supervisory Board of Pioneer Pekao TFI S.A. From May 2009, Mr Papierski acted as President of the Management Board of Allianz Bank Polska S.A. and in October 2009 he was appointed President of the Management Board. He has been Vice President of the PKO BP Management Board since 2010.

Between 2005 and 2009, Jakub Papierski chaired the Programme Council of the Capital Market Leaders Academy organised by the Lesław Paga Foundation and at present is a member of the Programme Council.

Mr Jakub Papierski is president of the Remuneration and Nomination Committee and Commercial Committee in the Supervisory Board.

Justyna Borkiewicz

Ms Borkiewicz joined PKO BP in January 2010 and since April 2011 she has been the Director of the President of the Management Board Bureau. Previously, for 15 years she worked at Pioneer Pekao TFI S.A., first as a legal adviser and since 1997 as the Director of the Legal Department. At the same time, since 2001 she had been the Director of the Legal Department at Pioneer Pekao Investment Management S.A. From 1998 to 2009, she was involved in setting up and in the activities of the Board of Funds and Asset Management, took part in work on successive amendments to investment fund legislation and, within the framework of EFAMA, in work on analogous EU legislation.

She took part in the establishment of PKO BP Foundation and has been Deputy Chair of the Foundation's Programme Council. Since April 2011, she has been a member of the Bank Ethics Committee at the Polish Banking Association ("ZBP") and is the head of the ZBP Consumer Credit Committee (since 2014). As part of her pro bono activities, since 2006 she has supported Zonta Club (a public benefit organisation) in Warsaw with her legal services.

She is a legal adviser, graduate of the Warsaw University Faculty of Law and Administration, and qualified as a mediator in civil law cases.

Ms Justyna Borkiewicz is a member of the Risk Committee in the Supervisory Board.

Ilona Wołyniec

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

Currently, she is associated with PKO Bank Polski SA, 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 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, public sector and utilities, using various financial instruments, such as syndicated loans and bond issues.

Ms Ilona Wołyniec is vice-president of the Risk Committee, Remuneration and Nomination Committee and Commercial Committee in the Supervisory Board.

Paweł Metrycki

For 11 years Mr Metrycki has held the position of a senior management, managing separate units as well as leading and participating in a number of projects covering various areas of banking.

Initially associated with the subject of market risk, in 2008 he took the position as Head of Market Risk Department. Then, he became Head of Credit Risk Department, focusing on issues related to credit risk of retail, corporate and financial institutions.

He has been heading Banking Risk Division for 7.5 years, where he is responsible for credit risk, market risk, liquidity risk, operational risk management and capital adequacy. Consistently implementing strategic risk reduction goals, he has carried out a number of projects to improve the risk management

processes, in particular credit risk, which enabled the bank to properly address customer needs and to increase profitability while maintaining an acceptable level of risk.

He is a member of the key decision-making committees of PKO Bank Polski, including Credit Committee and Asset and Liability Management Committee.

As the project manager for the implementation of the market risk management system, he was awarded by Gazeta Bankowa Prize for the best project in the Back Office category. He was a member of the Supervisory Board of an investment fund company. He passed a state examination for candidates for members of supervisory bodies. Currently, he is a member of Supervisory Boards of insurance companies PKO Życie TU S.A. and PKO TU S.A. as well as PKO Faktoring S.A.

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

Mr Paweł Metrycki is president of the Risk Committee, vice-president of the Audit and Finance Committee as well as member of the Commercial Committee in the Supervisory Board.

Piotr Kwiecień

Mr Kwiecień is a qualified advocate and a member of the Warsaw Bar. He holds a Master's degree in law from the Faculty of Law and Administration at Warsaw University. He has worked at, among others, BIG Bank Gdański S.A. and PTE Big Bank Gdański S.A. as a manager of the internal control team. Since 2005 he has run a law firm focused on advising entities in the financial sector. He has also been a member of the supervisory boards of entities in both the public and private sectors. Currently, he is a member of the Supervisory Board of PKO TFI S.A.

Mr Piotr Kwiecień is president of the Audit and Finance Committee and a member of the Commercial Committee in the Supervisory Board.

Dariusz Odzioba

Mr Odzioba is a graduate of the Faculty of Economics at the Nicolaus Copernicus University in Toruń, and postgraduate studies at the Warsaw University of Life Sciences. Since 2015, he has been employed at PKO BP, first as Director of the Strategic Client Department, then as Director of the Markets and Private Banking Division, and currently holding a position of Director of the Corporate Client Relations Division.

In the years 2011-2015, Mr Odzioba was the Vice-President of the Management Board of BGZ S.A. responsible for Corporate Banking and Financial Markets Area. In the years 2008-2011 he was an executive director in Bank Pekao S.A. responsible for the Financial Markets and Investment Portfolio Division.

From 1995 to 2008, Mr Odzioba worked for the ABN AMRO Group, where he held the position of Director of the Treasury Department, supervised trade in financial instruments of the Central and Eastern Europe Region in London, and served as Member of the Management Board of ABN AMRO Bank (Polska) S.A. Mr Odzioba has many years of experience in trading and selling financial instruments, asset and liability management and financial risk.

Lucyna Kopińska

Ms Kopińska is a graduate of economics at the Nicolaus Copernicus University in Toruń. In the course of her professional career she has completed numerous post-graduate studies and trainings in finance,

financial analysis and management, including management accounting at the Poznań University of Economics and Master of Business Administration at the Higher School of Banking in Gdańsk.

She started her professional career in 1991 as the Head of the Operations, Cash and Treasury Department at the Cooperative Bank in Bydgoszcz. From 1994 to 2001 she worked at Bank Handlowy in Warsaw as the Head of the Customer Service Team and Head of the Bank Accounts Department. From 2001 to 2007 she held the position of the Director of the Northern Region Office of the Transaction Banking Products Sales Department at Citibank Handlowy in Warsaw. From 2007 to 2019, Ms Kopińska was employed by PKO Bank Polski S.A. as the Director of Retail Banking Region in Bydgoszcz, responsible in particular for: financial result and efficiency, Bank's strategy, financial and economic situation, external and internal communication, management of the employment structure and staff cost budget, marketing and promotional image, initiating and shaping changes. In the subordinate region, she managed 1215 employees employed in the Kujawsko-Pomorskie Voivodeship and parts of Pomorskie, Mazowieckie, Warmińsko-Mazurskie and Wielkopolskie Voivodeships. Throughout her career, Ms Kopińska gains knowledge in the area of human resources management and as the Director of the Retail Banking Region, Ms Kopińska managed talents in such a way that every year the Bydgoszcz Region was ranked among the three best in Poland.

Since January 2020, Ms Kopińska has been employed as Director for the analysis of the functioning of the Regional Retail Branch.

Ms Kopińska has been supporting the development of culture, art, science and sport in the region for years. She cooperates with numerous universities, among others Nicolaus Copernicus University in Toruń, Kazimierz Wielki University in Bydgoszcz, Higher School of Banking and Higher School of Economy. She supports project work and provides substantive opinions on the creation of study plans for the field of economics and lectures for students of early school education in the field of economics for the youngest and the implementation of the school savings bank program in schools. Many years of commitment and experience have been recognized by the academic staff of Kazimierz Wielki University in Bydgoszcz, which appointed Ms Kopińska to the position of President of the University Council of the first term for the years 2019-2020.

Ms Lucyna Kopińska is a member of the Commercial Committee in the Supervisory Board.

Jadwiga Lesisz

Ms Lesisz completed a two-year MBA degree at Wrocław School of Banking / Franklin University USA and postgraduate studies at Wrocław University of Technology in the field of Real Estate Management with specialization in real estate estimation and management. She has a real estate manager's license. Ms Lesisz is also a certified project manager.

She graduated from the Wrocław University of Economics with a degree in International Relations - Foreign Trade. Ms Lesisz also passed the exam for candidates for supervisory board members in state-owned companies and has experience of a member of the Supervisory Board. She has over 20 years of professional experience (including in the SME sector).

Ms Lesisz held the position of Deputy President and acting President of the Polish Agency for Enterprise Development. She managed the Agency's activities by implementing EU funds supporting the development of SMEs. In particular, she was responsible for areas concerning the implementation of public tasks in the field of innovation development in enterprises. She initiated cooperation in the field of building a start-up ecosystem in Poland. She supervised public procurement, management of the Agency's assets and IT resources.

As Director of the Project Management Department at the Ministry of Development, Ms Lesisz was responsible for the preparation and implementation of a uniform project management methodology and culture, as well as for coordination of key projects. She is a member of the Audit Committee in the Ministry of Development.

In 2012-2016 Ms Lesisz worked for PKO Bank Polski S.A., where she managed the area of real estate leasing in terms of bank branches, supervised and participated in the negotiation processes. She was involved in business controlling in the optimisation of the bank branch network.

She has many years of practical business experience as an owner of a company where she created and organized business processes.

Ms Jadwiga Lesisz is a member of the Audit and Finance Committee in the Supervisory Board.”

Overview of the Polish Covered Bonds Legislation

The following shall be added in the paragraph “Covered bonds directive” on page 88 of the Base Prospectus:

The Covered Bonds Directive and the regulation of the European Parliament and of the Council on amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds were adopted on 27 November 2019. They entered into force on 8 January 2020 and will apply from 8 July 2022. EU member states shall adopt and publish the laws, regulations and administrative provisions necessary to comply with the Covered Bonds Directive by 8 July 2021 and apply them from 8 July 2022 at the latest.

Taxation

The following paragraph shall be added in the paragraph “Tax remitter’s obligations” on page 96 of the Base Prospectus before the paragraph beginning with “However, pursuant to Article 41 [...]”:

“Under the regulation of Minister of Finance on 23 December 2019 amending the regulation on exclusion or limitation of application of Article 26 clause 2e of the CIT Act (Journal of Laws, item 2528) and on exclusion or limitation of application of Article 41 clause 21 of the PIT Act (Journal of Laws, item 2529), the application of the discussed regulations has been postponed until 30 June 2020.”

No Significant or Material Change

The paragraph “Significant or Material Change” on page 104 of the Base Prospectus shall be deemed to be replaced with the following paragraph:

“There has been no significant change in the financial position of the Bank since 31 December 2019 and there has been no material adverse change in the financial position or prospects of the Bank since 31 December 2019.”