

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

Luxembourg, 6 March 2019

PKO BANK HIPOTECZNY S.A.

Legal entity identifier (LEI): 259400ALN6AM4REPEA16

**Issue of EUR100,000,000 0.125 per cent. mortgage covered bonds due June 2022
to be consolidated and form a single series with the EUR500,000,000 0.125 per cent. mortgage covered bonds due
June 2022 issued on 24 October 2016
under the EUR4,000,000,000**

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 September 2018, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) as amended to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “**Base Prospectus**”). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Bank and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange website (www.bourse.lu), on the website of the Bank (www.pkobh.pl), and is available for viewing at and collection from the registered office of PKO Bank Hipoteczny S.A., at ul. Jerzego Waszyngtona 17, 81-342 Gdynia, Poland and the office of Société Générale Bank & Trust (in its capacity as the Issuing and Principal Paying Agent) 11, avenue Emile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg.

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|----|-----|--|---|
| 1. | (a) | Series Number: | 1 |
| | (b) | Tranche Number: | 2 |
| | (c) | Date on which the Covered Bonds will be consolidated and form a single Series: | The Covered Bonds will be consolidated and form a single Series with EUR500,000,000 0.125 per cent. mortgage covered bonds due June 2022 issued on 24 October 2016 registered under ISIN code XS1508351357 (the “ Original Covered Bonds ”) on the exchange date of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond which is expected to occur on or about the day falling 40 days after the Issuer Date. |
| 2. | | Specified Currency: | EUR |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Series: | 600,000,000 |
| | (b) | Tranche: | 100,000,000 |
| | (c) | Issue Price (per Covered Bond): | 99.489 per cent. of the Aggregate Nominal Amount of the Tranche plus accrued interest amounting to EUR88,013.70 for 257 days for the period from (and including) 24 June 2018 to (but excluding) the Issue Date. |
| 4. | (a) | Specified Denominations: | EUR100,000 |
| | (b) | Calculation Amount: | EUR100,000 |
| 5. | (a) | Issue Date: | 8 March 2019 |
| | (b) | Interest Commencement | |

	Date:	
	Period to Maturity Date:	24 June 2018
	Period from Maturity Date to Extended Maturity Date or Additionally Extended Maturity Date:	Maturity Date
6.	Maturity Date:	24 June 2022
7.	Interest Basis:	
	Period to Maturity Date:	0.125 per cent. per annum Fixed Rate (see paragraph 11)
	Period from Maturity Date to Extended Maturity Date or Additionally Extended Maturity Date:	1 month EURIBOR + 0.18 per cent. Floating Rate (see paragraph 12 below)
8.	Redemption/Payment Basis:	Redemption at par
9.	Change of Interest Basis	Not Applicable
10.	Date of Management Board approval for issuance of Covered Bonds obtained:	28 February 2019

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

11.	Fixed Rate Covered Bond Provisions	Applicable until Maturity Date
	(a) Rate(s) of Interest:	0.125 per cent. per annum in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	24 June in each year up to and including the Maturity Date
	(c) Fixed Coupon Amount(s):	EUR125 per Calculation Amount
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	24 June in each year up to and including the Maturity Date
	(g) Party responsible for calculating amounts payable:	Agent
12.	Floating Rate Covered Bond Provisions	Applicable if maturity is extended until Extended Maturity Date or Additionally Extended Maturity Date
	(a) Specified Period(s)/Specified Interest Payment Dates:	First Specified Interest Payment Date: 24 July 2022 and then on a monthly basis subject to adjustment in accordance with the Business Day Convention set out in (b) below.
	(b) Business Day Convention:	Modified Following Business Day Convention (adjusted)
	(c) Additional Business Centre(s):	Warsaw
	(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
	(e) Party responsible for calculating the Rate of Interest and Interest Amount:	Agent
	(f) Screen Rate Determination:	
	– Reference Rate:	1 month EURIBOR
	– Interest Determination Date(s):	the second day on which the TARGET2 System is open prior to the start of each Interest Period
	– Relevant Screen	Reuters EURIBOR01

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	–	Reference Banks:	Not Applicable
(g)	ISDA Determination:		
	–	Floating Rate Option:	Not Applicable
	–	Designated Maturity:	Not Applicable
	–	Reset Date:	Not Applicable
(h)	Linear Interpolation		Not Applicable
(i)	Margin(s):		+ 0.18 per cent. per annum
(j)	Minimum Rate of Interest:		Not Applicable
(k)	Maximum Rate of Interest:		Not Applicable
(l)	Day Count Fraction:		Actual/360
13.	Zero Coupon Covered Bond Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

14.	Final Redemption Amount of each Covered Bond:	EUR100,000 per Calculation Amount
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GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

15.	Relevant Financial Centre(s) or other special provisions relating to Payment Dates:	Warsaw, Luxembourg
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MISCELLANEOUS

16.	Type of Covered Bonds:	Mortgage covered bonds (<i>hipoteczne listy zastawne</i>)
17.	Form of Covered Bonds:	
	(a) Form:	Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond
	(b) New Global Note:	Yes

PKO BANK HIPOTECZNY S.A.

By: 
Duly authorised

By: 
Duly authorised

COVER POOL MONITOR OF PKO BANK HIPOTECZNY S.A.

By:

Duly authorised

A handwritten signature in blue ink, consisting of several loops and a long tail, positioned to the right of the text 'By:' and 'Duly authorised'.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Luxembourg, Warsaw
- (ii) Admission to trading: Application has been made for the Covered Bonds to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from the Issue Date. Application will be made for the Covered Bonds to be admitted to trading on the regulated market of the Warsaw Stock Exchange once the Covered Bonds are consolidated and form a single series with the Original Covered Bonds.

2. RATINGS

- Ratings: The Covered Bonds to be issued have been rated “Aa3” by Moody’s Investors Services Ltd. (“**Moody’s**”). Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The list of registered and certified rating agencies is published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUES

Save for the fees payable to the Dealer, so far as the Bank is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Dealer and its 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 Bank and its affiliates in the ordinary course of business.

4. REASONS FOR THE OFFER AND EXPENSES RELATING TO ADMISSION TO TRADING

- (i) Reasons for the offer: General corporate purposes
- (ii) Estimated expenses relating to the admission to trading: EUR7,750

5. YIELD (Fixed Rate Covered Bonds only)

- Indication of yield: 0.281 per cent. for the period up to (but excluding) the Maturity Day

6. OPERATIONAL INFORMATION

- (i) ISIN Code: Until the Covered Bonds are consolidated, become fungible with and form a single series with the Original Covered Bonds, the Covered Bonds will have the temporary ISIN XS1960675236; after that, the Covered Bonds will have the same ISIN as the Original Covered Bonds, which is XS1508351357.
- (ii) Common Code: Until the Covered Bonds are consolidated, become fungible with and form a single series with the Original Covered Bonds, the Covered Bonds will have the temporary Common Code 196067523; after that, the Covered Bonds will have the same Common Code as the Original Covered Bonds, which is 150835135.
- (iii) CFI: DGFXFB
- (iv) FISN: PKO BK HIPOTECZ/0.125 MBS 20220624
- (v) Any clearing system(s) other than Clearstream Luxembourg and Euroclear Bank S.A./N.V. and the relevant identification number(s): Polish National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*)
- (vi) Delivery: Delivery against payment

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|--------|---|---|
| (vii) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (viii) | Intended to be held in a manner which would allow Eurosystem eligibility: | Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |

7. DISTRIBUTION

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|--------|---|---------------------------------------|
| (i) | Method of distribution: | Non-syndicated |
| (ii) | If syndicated, names of Managers: | Not Applicable |
| (iii) | Date of Subscription Agreement: | Not Applicable |
| (iv) | Stabilisation Manager(s) (if any): | Not Applicable |
| (v) | If non-syndicated, name of relevant Dealer: | Danske Bank A/S |
| (vi) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA D |
| (vii) | Prohibition of Sales to EEA Retail Investors: | Not Applicable |
| (viii) | Prohibition of Sales to Belgian Consumers: | Applicable |

