

FINAL TERMS

Luxembourg, 20 October 2016

PKO BANK HIPOTECZNY S.A.

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

Issue of EUR 500,000,000 Covered Bonds (*hipoteczne listy zastawne*)

under the EUR 4,000,000,000 Programme for the issuance of Covered Bonds

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 **28 September 2016**, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") 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.

1.
 - (a) Series Number: 1
 - (b) Tranche Number: 1
 - (c) Date on which the Covered Bonds will be consolidated and form a single Series: Not Applicable
2. Specified Currency: EUR
3. Aggregate Nominal Amount:
 - (a) Series: EUR 500,000,000
 - (b) Tranche: EUR 500,000,000
 - (c) Issue Price: 99.702 per cent. of the Aggregate Nominal Amount of the Tranche
4.
 - (a) Specified Denominations: EUR 100,000
 - (b) Calculation Amount: EUR 100,000
5.
 - (a) Issue Date: 24 October 2016
 - (b) Interest Commencement Date:
Period to Maturity Date: Issue Date
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 below)

	Period from Maturity Date to Extended Maturity Date or Additionally Extended Maturity Date:	1 month EURIBOR + 0.18 per cent per annum 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:	14 October 2016 and 20 October 2016

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):	EUR 125 per Calculation Amount
(d)	Broken Amount(s):	EUR 83.22 on the first Interest Payment Date
(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)	Relevant 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 Page:	Reuters EURIBOR01
	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 EUR 100,000 per Calculation Amount Covered Bond:

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

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

MISCELLANEOUS

16. Type of Covered Bonds: mortgage covered bonds (*hipoteczne listy zastawne*)
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.

Signed on behalf of the Bank:


By: RAFAŁ KOZŁOWSKI


By: JAKUB NIESTUCHOWSKI

COVER POOL MONITOR OF PKO BANK HIPOTECZNY S.A.


By: TADEUSZ SWAT

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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| (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 24 October 2016 and will be made for the Covered Bonds to be admitted to trading on the regulated market of the Warsaw Stock Exchange. |

2. RATINGS

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| Ratings: | The Covered Bonds to be issued have been rated “Aa3” by Moody’s Investor 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. |
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3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUES

Save for any fees payable to the Dealers, 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 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 Bank and its affiliates in the ordinary course of business.

4. EXPENSES RELATING TO ADMISSION TO TRADING

Estimated expenses relating to the admission to trading EUR 12,600

5. YIELD (Fixed Rate only)

Indication of yield:	0.178%
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6. OPERATIONAL INFORMATION

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| (i) | ISIN Code: | XS1508351357 |
| (ii) | Common Code: | 150835135 |
| (iii) | Alphabetical code of Series: | 1 |
| (iv) | Any clearing system(s) other than Clearstream Luxembourg, Euroclear Bank S.A./N.V. and the relevant identification number(s): | Polish National Depository for Securities (<i>Krajowy Depozyt Papierów Wartościowych S.A.</i>) |
| (v) | Delivery: | Delivery against payment |
| (vi) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (vii) | 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. |
| (viii) | Serial number of the Covered Bonds: | 1 |

7. DISTRIBUTION

- (i) Method of distribution: Syndicated
- (ii) If syndicated, names of Managers: Société Générale
Deutsche Bank Aktiengesellschaft
J.P. Morgan Securities plc
Landesbank Baden-Württemberg
Powszechna Kasa Oszczędności Bank Polski S.A.
- (iii) Date of Subscription Agreement: 20 October 2016
- (iv) Stabilisation Manager(s) (if any): Not Applicable
- (v) If non-syndicated, name of relevant Dealer: Not Applicable
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D