

*Dear Stakeholders,*

It is my pleasure to present you with PKO Bank Hipoteczny's annual report for 2018.

This was a year in which the Bank consistently strengthened our leading position among Polish mortgage banks. Our stable development and dynamic growth allowed us to complete yet another year with the largest loan portfolio of any Polish mortgage bank.

PKO Bank Hipoteczny, which specialises in housing loans for individual clients, offers state-of-the-art solutions tailored to our clients' needs. The PKO Bank Polski Capital Group, of which we are a part, has for years been the leader in financing Poles' housing needs, and its mortgage products are valued by experts and clients. We are proud to support thousands of families in achieving their dreams of home ownership and help them in making this key decision.

Thanks to our relationship with PKO Bank Polski, our housing loans are offered in Poland's largest network of bank branches, agents and intermediaries. We also purchase portfolios of housing loans with good credit histories which were granted earlier by PKO Bank Polski.

As part of the Group, the Bank ensures stable, long-term sources of financing as part of the Group. Our operations have a considerable influence on the financing structure of the Group's mortgage loans and contribute to greater stability for the Polish banking sector.

We feel great satisfaction that PKO Bank Hipoteczny is Poland's largest and most active issuer of mortgage covered bonds. We are the only issuer in the country to regularly conduct benchmark issues of euro-denominated mortgage covered bonds, which are enthusiastically received by international institutional investors. The value of outstanding covered bonds at the end of 2018 stood at PLN 12.8 billion, or a 60% market share.

In February 2018 we became the first Polish issuer of covered bonds to join The Covered Bond Label – a certificate of quality whose goal is to build awareness among investors of this secure, high-quality asset class. This was yet another step in strengthening our relations with the investing community, confirming our commitment to the highest standards of transparency and our desire to provide the market with accurate, up-to-date information.

PKO Bank Hipoteczny also takes care to provide for the needs of our employees, who carry out their work with passion every day in our offices in Gdynia and Warsaw. The Bank provides them with a stable, transparent and interesting workplace, and most of all we create opportunities for personal development in a dynamic, integrated team.

On behalf of the entire Management Board, I would like to thank our clients and investors for the trust they have placed in PKO Bank Hipoteczny, the Bank's employees and the Capital Group to which we belong, for their engagement and professionalism, and for the satisfaction that comes from working together to create a new level of quality on Poland's market for mortgage banks.

Happy reading,



Paulina Strugała  
President of the Management Board, PKO Bank Hipoteczny SA