

Annex No. 24

approved by the Polish Financial Supervision Authority decision on 31 July 2018, to the Issue Prospectus of the Basic Program of Mortgage Bonds for bearer with a total nominal value of PLN 2,000,000,000 of Pekao Bank Hipoteczny S.A. approved by the Polish Financial Supervision Authority on 24 August 2010.

In connection with the intention to issue public mortgage bonds pursuant to Art. 33 point 2 of the Act on Bonds of 15 January 2015 (consolidated text: Journal of Laws of 2018, item 483 as further amended) in connection with Art. 8 para. 1 point 3 of the Act on Mortgage Bonds and Mortgage Banks of 29 August 1997 (consolidated text: Journal of Laws of 2016, item 1771, as further amended), for which the issue will be based on receivables under loans granted to local government units, while the aforementioned mortgage bonds will not be offered as a public offering within the meaning of Art. 3 of the Act of 29 July 2005 on Public Offerings and the Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies (consolidated text: Journal of Laws of 2018, item 512, as further amended), the Issue Prospectus shall be amended as follows:

Prospectus

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In Chapter III "Risk factors", in point 1.2 "Market risk" concerning the risk of investing in mortgage bonds, the following content is added:

The first issue of public mortgage bonds requires the Issuer to establish a separate security register for public mortgage bonds. The provisions of the Act of 28 February 2003 Bankruptcy Law (Journal of Laws of 2017, item 2344) as regards the treatment of mortgage banks in the event of their bankruptcy, do not specify the breakdown of the separate bankruptcy estate into separate assets relating to public and mortgage bonds, but provide for separate liquidity and coverage tests for each type of bond. The provisions of the bankruptcy law indicate that the costs of liquidation of a separate bankruptcy estate are satisfied from a separate bankruptcy estate in the first place. The issuance of two types of mortgage bonds in the event of a mortgage bank bankruptcy may change the situation of holders of previously issued mortgage bonds to the extent that a separate bankruptcy estate covers the liquidation costs of the estate associated with the public mortgage bonds.

For the Issuer

Tomasz Mikoda

Rafał Litwińczuk

President of the Management
Board

Member of the Management
Board