

J&T BANKA

BASE PROSPECTUS

J&T BANKA, a.s.

(incorporated as a joint-stock company in the Czech Republic)

EUR 3,000,000,000

Euro Medium Term Note Programme

Under this EUR 3,000,000,000 Euro Medium Term Note Programme (the **Programme**), J&T BANKA, a.s., a joint-stock company incorporated under the laws of the Czech Republic, with its registered office at Sokolovská 700/113a, Karlín, Prague 8, Postal Code 186 00, ID No.: 471 15 378, LEI: 31570010000000043842, registered in the Commercial Register maintained by the Municipal Court in Prague under file no. B 1731 (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). This prospectus comprises a base prospectus in respect of Notes (the **Base Prospectus**) issued under the Programme for the purposes of Article 8(1) of Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**).

Notes will be issued in registered form. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme (or, in relation to the nominal amount of any Notes which are not denominated in euro, its equivalent in other currencies calculated as described in the Programme Agreement (as defined below) will not exceed EUR 3,000,000,000 subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under *Overview of the Programme* and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see *Risk Factors*.

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the **CSSF**) as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus and the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*, the **Luxembourg Law**). Investors should make their own assessment as to the suitability of investing in the Notes.

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and have been listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (**MiFID II**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) or a specific segment of an EEA regulated market, to which only qualified investors (as defined in the Prospectus Regulation) can have access (in which case they shall not be offered or sold to non-qualified investors) or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) or 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. The validity of this Base Prospectus ends upon expiration of 19 May 2024.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under *Terms and Conditions of the Notes*) of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to all Notes will be filed with the CSSF. Copies of this Base Prospectus and Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Moody's Deutschland GmbH (**Moody's** or the **Rating Agency**) is established in the EEA and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Tranches of Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on the Floating Rate Notes may be calculated by reference to certain reference rates which may constitute benchmarks for the purposes of Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**), including the Euro Interbank Offered Rate (**EURIBOR**), which is provided by the European Money Markets Institute (**EMMI**), the Secured Overnight Financing Rate (**SOFR**), which is provided by the Federal Reserve Bank of New York, the Sterling Overnight Index Average (**SONIA**), which is provided by the Bank of England, or the Prague Interbank Offered Rate (**PRIBOR**), which is provided by Czech Financial Benchmark Facility s.r.o. (**Czech Financial Benchmark**). As at the date of this Base Prospectus, EMMI and Czech Financial Benchmark are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the EU Benchmarks Regulation but are not included in the register of administrators of the United Kingdom (**UK**) Financial Conduct Authority under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Benchmarks Regulation** and, together with the EU Benchmarks Regulations, the **Benchmarks Regulations**). As at the date of this Base Prospectus, the administrators of SONIA and SOFR are not included in such registers. As far as the Issuer is aware, under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the administrator of SONIA, the Bank of England, and the administrator of SOFR, the Federal Reserve Bank of New York, are not required to obtain authorisation or registration as of the date of this Base Prospectus. The registration status of any administrator under the Benchmarks Regulations is a

matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or any Final Terms to reflect any change in the registration status of an administrator.

Joint Arrangers

J.P. Morgan

**Société Générale
Corporate & Investment Banking**

Dealers

J.P. Morgan

**Société Générale
Corporate & Investment Banking**

J&T BANKA

The date of this Base Prospectus is 19 May 2023.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8(1) of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms that any information which has been extracted from an external source has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see *Documents Incorporated by Reference*). This Base Prospectus shall be read and construed on the basis that those documents are incorporated into and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see *Documents Incorporated by Reference*), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

No Dealer has independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

STABILISATION – In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA (**UK MiFIR**); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK**

MiFIR Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including Belgium, the Czech Republic), the UK, Singapore, Switzerland and Japan, see *Subscription and Sale*.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION IN THE BASE PROSPECTUS

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer and its subsidiaries and the companies controlled by the Issuer that form the Issuer's consolidation group for the purposes of preparing the Issuer's consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS**) (collectively, the **Group**) has been derived from the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2022 and 2021, together with the related notes thereto (the **Financial Statements**) incorporated by reference in this Base Prospectus. See *Documents Incorporated by Reference*.

The Financial Statements should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The Financial Statements have been prepared in accordance with IFRS and have been audited.

The Issuer's financial year ends on 31 December and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements and financial information included elsewhere in this Base Prospectus have, unless otherwise noted, been presented in Czech Koruna.

Use of Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in *Terms and Conditions of the Notes* or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- *Czech Koruna, CZK and Kč* refer to the lawful currency of the Czech Republic; and

- *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to a **billion** are to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures presented in this Base Prospectus and in the documents incorporated by reference are not recognised financial measures under IFRS (**Alternative Performance Measures**) and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Alternative Performance Measures are intended to supplement investors' understanding of the Issuer's financial information by providing measures which investors, financial analysts and management use to help evaluate the Issuer's financial leverage and operating performance. Special items which the Issuer does not believe to be indicative of ongoing business performance are excluded from these calculations so that investors can better evaluate and analyse historical and future business trends on a consistent basis. Definitions of these Alternative Performance Measures may not be comparable to similar definitions used by other companies and are not a substitute for similar measures according to IFRS.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus contains various forward-looking statements that relate to, among others, events and trends that are subject to risks and uncertainties that could cause the actual business activities, results and financial position of the Issuer and the Group to differ materially from the information presented herein. When used in this Base Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer and the Group and their management, are intended to identify such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Base Prospectus. The Issuer does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date of this Base Prospectus or to reflect the occurrence of unanticipated events.

When relying on forward-looking statements, investors should carefully consider the foregoing risks and uncertainties and other events, especially in light of the political, economic, social and legal environment in which the Group operates. Factors that might affect such forward-looking statements include, among other things, overall business and government regulatory conditions, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations, economic and political conditions in the countries in which the Group operates and other markets, and the timing, impact and other uncertainties of future actions. See *Risk Factors*. The Issuer does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IMPORTANT INFORMATION RELATING TO TAX REGIME OF NOTES

This Base Prospectus describes in summary form certain Czech tax implications and procedures in connection with an investment in Notes (see *Risk Factors – Risks associated with the withholding taxation regime in the Czech Republic* and *Risk Factors – Risks associated with the evidencing of Beneficial Owner's entitlement to Tax Relief and Taxation*). Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event and if appropriate, a new Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in *Form of the Notes* and *Terms and Conditions of the Notes* shall have the same meanings in this Overview.

Issuer:	J&T BANKA, a.s.
Issuer Legal Entity Identifier (LEI):	31570010000000043842
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under <i>Risk Factors</i> .
Description:	Euro Medium Term Note Programme
Joint Arrangers:	J.P. Morgan Société Générale
Dealers:	J&T BANKA, a.s. J.P. Morgan Société Générale and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see <i>Subscription and Sale</i>).
Issuing and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Programme Size:	Up to EUR 3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:	Notes may be distributed by way of private placement or more widely and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in registered form as described in <i>Form of the Notes</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (ISDA), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Final Terms; or • on the basis of the reference rate set out in the applicable Final Terms. <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p>

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Benchmark Discontinuation:	In the event that a Benchmark Event or Benchmark Transition Event (as applicable) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Independent Adviser in consultation with the Issuer or failing that, the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and the application of an adjustment spread (which could be positive, negative or zero)). See Condition 6.2 (<i>Interest on Floating Rate Notes</i>) for further information.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons where specified as applicable in the applicable Final Terms or following an Event of Default (in respect of Ordinary Senior Notes only) or (where specified as applicable in the applicable Final Terms, in respect of Tier 2 Subordinated Notes only) a Capital Disqualification Event or (where specified as applicable in the applicable Final Terms, in respect of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes, only) an MREL Disqualification Event)) or that such Notes will be redeemable at the option of the Issuer and/or pursuant to the Clean-up Call Option and/or, in the case of Ordinary Senior Notes only, the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms.</p> <p>Notes may be redeemed prior to their original maturity only in compliance with Applicable Banking Regulations (as defined in Condition 3.6 (<i>Definitions</i>)) then in force and, with the consent of the Competent Authority or the Relevant Resolution Authority, as applicable.</p>
Substitution and Variation:	If Substitution and Variation is specified in the applicable Final Terms as being applicable (other than in respect of any Ordinary Senior Notes) if at any time (i) (where specified as applicable in the applicable Final Terms, in respect of Tier 2 Subordinated Notes) a Capital Disqualification Event occurs or (ii) (in respect of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes where MREL Disqualification Event is specified as applicable in the applicable Final Terms) an MREL Disqualification Event occurs, or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 8.2 (<i>Redemption for tax reasons</i>) occurs and is continuing, or to ensure the effectiveness of the enforceability of Condition 20 (<i>Acknowledgment of Bail-in and Loss Absorption Powers</i>), the Issuer may either substitute all (but not some only) of the Notes for, or modify the terms of the Notes accordingly,

provided that they remain or, as appropriate, so that they become, Qualifying Notes. See Condition 12 (*Substitution and variation*).

Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 9 (<i>Taxation</i>). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9 (<i>Taxation</i>) and save in respect of Zero Coupon Notes, be required to pay additional amounts to cover the amounts so deducted (in respect of interest only, in respect of Senior MREL Notes, Senior Non-Preferred MREL Notes and Tier 2 Subordinated Notes).
Negative Pledge:	The terms of the Ordinary Senior Notes will contain a negative pledge provision as further described in Condition 4 (<i>Negative Pledge</i>).
Cross Default:	The terms of the Ordinary Senior Notes will contain a cross default provision as further described in Condition 11 (<i>Events of Default</i>).
Status of the Notes:	Notes may be either Ordinary Senior Notes, Senior MREL Notes, Senior Non Preferred MREL Notes or Tier 2 Subordinated Notes, as more fully described in Condition 3 (<i>Status of the Notes</i>) and all as specified in the applicable Final Terms.
Rating:	Moody's assigned Baa2/P-2 long- and short-term bank deposits ratings to the Issuer. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p>

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. The Notes, although governed by, and construed in accordance with, English law, will be subject to those provisions of the Czech Insolvency Act, the Czech Recovery and Resolution Act and any other provisions of Czech law applicable to or relevant for the Notes as notes having the status set out in Condition 3 (*Status of the Notes*).

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Belgium and the Czech Republic), the United Kingdom and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see *Subscription and Sale*.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA not applicable.

RISK FACTORS

In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks as at the date of this Base Prospectus or to determine which risks are most likely to occur, as the Issuer may not be aware of all relevant risks as at the date of this Base Prospectus and certain risks which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business or ability to meet the obligations under the Notes.

In addition, factors which have been identified as material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described in the list below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

The risk factors are presented in the individual categories depending on their nature with the most material risk factor presented first in each category.

I. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

The risk factors regarding the Issuer and the Group are presented in the following categories depending on their nature with the most material risk factor presented first in each category:

- Risks Related to the External Conditions under which the Group Conducts its Business;
- Risks Related to the Business of the Issuer and the Group; and
- Risks Related to the Banking Business.

Due to the significance of the Issuer's position within the Group, where the Issuer's individual results comprised 98% of the Group's consolidated loans and advances to customers as at 31 December 2022 (95% as at 31 December 2021), 97% of the Group's consolidated deposits from customers as at 31 December 2022 (97% as at 31 December 2021), 94% of the Group's consolidated net interest income for the year 2022 (89% for the year 2021) and 75% of the Group's consolidated net fee and commission income for the year 2022 (76% for the year 2021), a majority of the risk factors below specifically refer to the Issuer but have (for the above-described reasons) an impact on the Group as well. Accordingly, risk factors pertaining to the Group also have an impact on the Issuer.

Risks Related to the External Conditions under which the Group Conducts its Business

Risks related to global financial, political and economic conditions and other market factors

The Group's performance is influenced by the global political situation and economic conditions, the dynamics in the global financial markets, perceptions of those conditions and future economic prospects. The outlook for the global economy over the near to medium term remains uncertain and many forecasts predict an economic slowdown (a decline in real GDP growth rates) in many countries in which the Group operates.

The COVID-19 pandemic caused a major decline in economic activity in 2020 and the global post COVID-19 economic recovery has been hindered by the global supply chain bottlenecks which, combined with extremely loose monetary and fiscal policies, have fuelled rapidly accelerating inflation across the globe. The responses by central banks in a number of jurisdictions globally have included material upward adjustments in key interest rates, which may lead to an economic slowdown accompanied by a rise in unemployment.

In Europe specifically, many countries, including the Czech Republic, continue to generate large budget deficits and face rising or maintain elevated levels of public debt. This may raise concern of the market participants that some of these countries may in the future have difficulty in obtaining funds or refinancing their obligations as they become due, especially if the market conditions were to become more volatile or fail to function altogether.

The international credit rating agencies have recently downgraded the credit ratings of many of those countries and have also withdrawn the AAA rating of certain core European sovereigns. Austerity measures to reduce debt levels and fiscal deficits may too result in an economic slowdown accompanied by a marked rise in unemployment. Persistently high unemployment and high public debt levels have historically resulted in unusually high political risk and polarisation of society which can boost anti-EU sentiment.

Each of these factors can change the overall demand for the Group's products and services, the credit quality of its customers, debtors and counterparties, the net interest rate margin between lending and borrowing costs and the value of its investment and trading portfolios and can materially influence its operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks related to the war in Ukraine

Throughout 2021, the Russian military build-up along the border of Ukraine escalated tensions between Russia and Ukraine and strained bilateral relations. These events unfolded early in 2022 with Russia commencing a full-scale military invasion of Ukraine on 24 February 2022 (the **Invasion of Ukraine**).

Following the Invasion of Ukraine, the European Union (EU), the United States, the UK, Switzerland, Canada, Japan, Australia and certain other countries announced a broad array of sanctions (including, among others, asset freezes, travel restrictions, restriction on access to the EU capital markets, restrictions on imports and exports and SWIFT ban for certain Russian and Belarusian banks) many of which have since been implemented.

The Invasion of Ukraine and the subsequent sanctions imposed on Russia accelerated the trend of rapidly rising commodity prices when many EU countries had to tackle their dependence on Russia for oil and gas supplies. Even though the EU as a whole largely replaced Russian gas with imports from other countries, the Invasion of Ukraine has brought about a considerable uncertainty for the future, in particular with regards to energy and food prices, and continues to pose a major risk for the economic growth in many EU countries.

A more protracted slowdown in economic growth and/or persistently high inflation caused by the Invasion of Ukraine, including the responses mentioned above, may adversely affect the Group's customers and, consequently, the Group's lending activity and the quality of its loan portfolio. It may also lead to an increase in funding costs and execution risks related to debt issuance in the capital markets. Each of these factors, individually or taken together, may have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Deterioration in the economic conditions and political situation in the Czech Republic could adversely affect the Group's operations, profitability and financial condition

The Group principally conducts its business in the EU with the Czech Republic representing its most important market. As at 31 December 2022, 94% of the Group's consolidated assets were located within the EU (2021: 94%) with the Czech Republic accounting for 55% (2021: 57%).

The Invasion of Ukraine has had a material impact on the Czech economy. Prior to the Invasion of Ukraine, the Czech Republic was almost entirely dependent on Russian gas (albeit transported to the country via Germany) which according to the information published by the Czech Ministry of Industry and Trade in 2021 represented approximately 97% of the country's gas imports. This was reduced to approximately 3% in 2022 and to zero in January 2023 when Russian gas was entirely replaced by supplies from Norway and liquefied natural gas (LNG) from the Netherlands and Belgium. Although the country and its storage capacity proved to be well-positioned to navigate the 2022 – 2023 heating season, some uncertainty around the 2023 – 2024 heating season still persists given the need to replenish the storage capacity and the possibility of reduced availability of alternatives in case the on-going construction of LNG terminals in Germany and Poland does not progress as planned. Such an abrupt re-orientation, however, inevitably has had a severe impact on Czech businesses and households as high energy prices contributed materially to the country's inflation rate and the government emergency support measures implemented in response to the energy crisis deepened the budget deficit. Secondly, the Invasion of Ukraine has caused a number of Ukrainian citizens to seek refuge in the Czech Republic. According to the United Nations Refugee Agency, almost 500,000 Ukrainians applied for temporary protection in the Czech Republic. Such a large number of refugees may put a strain on public services and may lead to increased government spending, further deepening the budget deficit.

The combination of loose monetary and fiscal policies coupled with bottlenecks in the global supply chains and external shocks such as the Invasion of Ukraine pushed the Czech inflation rate to above 15% in 2022, according to the data published by the Eurostat. In response to the rising inflation, the Czech National Bank (the **CNB**) considerably tightened its monetary policy by increasing the key policy rate from 0.5% in June 2021 to the current 7%. Such a rapid monetary policy tightening may have a material adverse effect on the real economy by making loans more expensive for both businesses as well as households, which can undermine their demand for loans and their ability to service their obligations, especially in situations where their borrowings reprice to the new, considerably higher, interest rate levels. It can also bring about an economic slowdown, which may have a further negative impact on borrowers' creditworthiness.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing loans, make deposits and invest in financial products offered by the Group. The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment fund units or other investment products offered by the Group. Any deterioration in the economic conditions and political situation in the Czech Republic could adversely affect the Group's operations, profitability and financial condition and the Issuer's ability to meet the obligations under the Notes.

The Czech Republic's long term foreign currency debt rating is AA- with stable outlook by S&P Global Ratings (**S&P**), Aa3 with negative outlook by Moody's and AA- with negative outlook by Fitch Ratings (**Fitch**). While S&P most recently affirmed the Czech Republic's rating including its stable outlook on 14 October 2022, Fitch affirmed the Czech Republic's rating with a negative outlook on 3 March 2023 and Moody's affirmed the Czech Republic's rating and changed the outlook from stable to negative on 5 August 2022. There can be no guarantee that any of S&P, Fitch or Moody's will not downgrade their respective rating of the Czech Republic's long term foreign currency obligations, which may have a negative impact on issuers out of the Czech Republic and the value of their outstanding securities.

Risks associated with the tax regulation

The Group is exposed to tax risks associated with general changes in tax rates or tax legislation or the incorrect interpretation of the rules and regulations in force. If tax risks are realised, this could lead to an increase in taxes or penalties which, in turn, could cause financial losses for the Group.

The Issuer specifically is subject to a risk of a sector tax applicable to the Issuer being introduced in the Czech Republic. On 14 September 2022, the European Commission introduced a proposal for a Council Regulation on an emergency intervention to address high prices (the **Emergency Intervention Proposal**) which, among others, establishes a solidarity contribution of electricity generating companies and fossil fuel sector due to the current market situation and their profits. Following the Emergency Intervention Proposal, on 6 October 2022, the Czech Ministry of Finance introduced a windfall tax legislation, which was approved by the Parliament of the Czech Republic, signed by the President and published in the Collection of Laws during November 2022 and fully entered into force on 1 January 2023 (the **Windfall Tax Amendment**).

The Windfall Tax Amendment applies to energy sector companies and banks meeting certain criteria. In the banking sector specifically, the Windfall Tax Amendment is applicable to financial institutions that in 2021 generated net interest income exceeding CZK 6 billion, which is the threshold generally separating large and medium sized banks and small banks, as defined by the CNB. The tax rate is 60% and will apply to the concerned companies as a tax surcharge on top of the 19% corporate income tax on their profits above the threshold. The additional 60% tax rate will be applied against positive difference between tax base in the current year and the arithmetic average of its historical tax bases for the four preceding tax years before 2022 (i.e. 2018 – 2021) increased by 20%. The Windfall Tax Amendment assumes a time limited effect for years 2023 to 2025. Advances on this tax are to be paid already during 2023 along with advances on corporate income tax based on the 2022 reported tax base.

Although the windfall tax introduced by the Windfall Tax Amendment does not apply to the Issuer as at the date of this Base Prospectus, there is a risk that it may apply to the Issuer (as well as other Czech medium sized and small banks) in the future as a result of further amendments being made or similar measures being introduced. This could adversely affect the Group's operations, profitability and financial condition and the Issuer's ability to meet the obligations under the Notes.

Risks associated with COVID-19 and other pandemics

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as **COVID-19**, caused by the severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2), to be a global pandemic.

Despite successful vaccination programmes in many countries, including in the Czech Republic, the risk to the global economy of further virus mutation continues. Due to the spread of other variants of COVID-19, particularly in China, disruptions in global trade flows, including port closures, have led to a shortage of inputs and goods in large parts of the world and have negatively impacted global economic growth and, to an extent, also fuelled inflation. Additionally, the various pandemic containment measures undertaken by governments, including lockdowns, have had lasting financial consequences for corporations, financial institutions and individuals. These factors in combination may result in protracted volatility in international markets and/or result in an extended global recession as a consequence of disruptions to nearly all economic sectors.

The COVID-19 pandemic directly affected the Issuer through increased costs related to various staff protection measures and indirectly through deterioration in the financial condition of some of the Issuer's customers, in particular those active in the hospitality and leisure sectors. It also curtailed the Issuer's ability to make certain financial policy decisions when, in light of the COVID-19 pandemic, the CNB issued a guideline in 2020 recommending to Czech banks to temporarily suspend their dividend payments which all regulated entities followed. As a result, the Issuer did not pay out any dividend to its parent company, J&T FINANCE GROUP SE, in 2020 and 2021.

There can be no guarantee that any similar pandemics or outbreaks will not occur in the future. If such pandemics or outbreaks occur in the future, these may result in similar or more adverse effects as the COVID-19 pandemic, and can have a material adverse effect on the Group's operations, profitability and financial condition and the Issuer's ability to meet the obligations under the Notes.

Risks Related to the Business of the Issuer and the Group

The Issuer is a corporate bank competing against larger financial institutions with a universal banking model and more diversified and predictable revenue streams

Unlike its competitors in the Czech market who typically operate a universal banking model and serve both mass-market retail and corporate customers (including small and medium enterprises), the Issuer primarily serves top locally owned corporates and affluent private banking clientele (these corporates are largely owned by persons regularly placed in the Forbes Top 100 List for the Czech Republic and Slovakia). As at 31 December 2022, loans to individuals amounted to 2% of the Issuer's consolidated loans and advances to customers (2021: 3%). As a result, the Issuer derives nearly all of its consolidated net interest income and consolidated net fees and commissions from corporate and investment banking and asset management services. In the year ended 31 December 2022, net interest income represented 61% (2021: 73%) and net fees and commissions 16% (2021: 26%) of the Issuer's consolidated operating income, respectively. The Issuer's revenue streams are, therefore, less diversified compared to other Czech banks. Moreover, demand for certain services such as, for example, securities underwriting and placement, which in the year ended 31 December 2022 generated 20% of the Issuer's consolidated net fees and commissions (2021: 25%), tends to fluctuate in time. As a result, the Issuer's revenues may be less predictable and more volatile than revenues of its competitors. Any of the above factors may have a material adverse effect on the Issuer's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer serves a specific market segment and its future success depends on the relationships with, and the opportunities generated by, this market segment

The Issuer strategically focuses on, and serves, a specific market niche consisting of clients and potential clients who value individual approach and tailor-made solutions and appreciate flexibility and speed of execution – the building blocks of the Issuer's competitive advantage – rather than just price. While the Issuer has built a highly recognised brand in the Czech market, the success of its business depends on the relationships with, and the opportunities generated by, existing and potential clients in this relatively narrow and specific market segment. No assurance can be given that the Issuer will be able to maintain these relationships, including by being able to continue to offer financing solutions and investment opportunities its clients will find sufficiently appealing, to develop new relationships, or that the existing and targeted client base will be able to generate enough

opportunities the Issuer and the Group will be able to monetise in the future. A failure to do so may have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer's loan portfolio contains relatively large loans, some of which are junior or subordinated, provided to a relatively small number of clients. This creates concentration risk which tends to be greater than in a universal banking model

The Issuer's unique selling proposition in the Czech corporate lending segment lies in its ability, often together with its subsidiaries within the Group or sister companies, to arrange financing across a client's or its project's capital structure, including senior debt via the Issuer, bond financing (through J&T IB and Capital Markets a.s., the Issuer's investment banking subsidiary) (**J&T IB and Capital Markets**), junior or hybrid financing (through J&T Mezzanine, a.s., the Issuer's sister company, and, to a smaller extent, also via the Issuer) or equity financing (through J&T INVESTIČNÍ SPOLEČNOST, a.s., the Issuer's asset management subsidiary) (**J&T INVESTIČNÍ SPOLEČNOST**).

The Issuer is a corporate bank and, as such, it does not provide retail loans (i.e. loans to individuals) which typically range from several hundred CZK (in case of consumer loans) to single digit million CZK (in case of mortgages). Instead, it focuses on financing corporate clients where loans typically range from several hundred million CZK up to single digit billion CZK and some of these loans may rank junior or be subordinated to other loans in a client's capital structure. Therefore, in comparison to a retail bank with a balance sheet of a similar size, the average size of a loan granted by the Issuer is higher and the Issuer serves a considerably smaller number of clients. These factors increase the Issuer's concentration risk. The difference between the corporate and retail business models is, all things being equal, generally reflected in a greater amount of risk weighted assets typically associated with corporate lending and, consequently, a greater capital requirement that would typically apply to a corporate bank, such as the Issuer, compared to a retail bank of similar size.

The relatively large exposures also mean that a re-classification of loans within stages, even if temporary, can materially impact the reported share of non-performing exposures at any given date and is one of the reasons why the Issuer has consistently reported higher share of non-performing exposures compared to the Czech market average for corporate lending. As at 31 December 2022, the Issuer's share of non-performing exposures on an individual basis stood at 4.3% of its gross loan book (2021: 5.7%) compared to the Czech market average for corporate lending which stood at 3.4% (2021: 3.8%), according to the data published by the CNB.

While the Issuer believes that it is well capitalised relative to the risk it takes, with a 20.36% Total Capital Ratio (2021: 17.65%) and 13.21% Leverage Ratio (2021: 10.58%) on an individual basis as at 31 December 2022 and has historically experienced only moderate client defaults, there can be no assurance that this historical trend will not reverse in the future, which could have a material adverse effect on Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risk related to the Issuer's exposure to real estate and construction sectors

The Issuer has significant exposures to real estate and construction sectors, which are monitored together given their similar characteristics. As at 31 December 2022, the real estate sector represented 21% (2021: 25%) and the construction sector represented 11% (2021: 8%) of the Group's consolidated net loans and advances to customers, respectively.

The real estate and construction sectors are cyclical and sensitive to changes in general economic conditions, consumer preferences, interest rates, supply and demand, and availability of financing. The sectors may also face regulatory uncertainties, environmental liabilities, litigation and competition from other developers, builders, and investors. These factors may adversely affect the ability of the Issuer's clients to repay their loans and the value of the real estate collateral securing these loans. If property values decline in the future or the value of the real estate collateral proves to be insufficient, the Issuer's operations, profitability and financial position can be materially adversely affected and expose the Issuer to reputational damage or legal claims if it is involved in any disputes, controversies, or scandals related to its real estate and construction lending activities or practices, which in turn can have a material adverse effect on Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks related to the Group's exposure to Ukraine and Russia

The Group is exposed to Russia and Ukraine through the operation of the Issuer's Russian subsidiary J&T BANK, a.o. and through loans provided by the Issuer to customers in and/or exposed to Russia and Ukraine.

The Group's consolidated exposure to customers in and/or exposed to Russia and Ukraine is shown in the table below:

<i>(in CZK million)</i>	31 December 2022	31 March 2022
Cash and cash equivalents	-	1,497
Receivables from banks and other financial institutions	8	5
Loans and advances to customers	1,036	3,365
Securities	1,836	2,336
Investment property	325	108
Other assets	986	525
Deposits and loans from banks	145	1,345
Deposits from customers	2,953	2,731
Other liabilities	132	235

As at 31 December 2022, the Group reported revenues from Russian and Ukrainian customers in the total amount of CZK 113 million (CZK 193 million as at 31 December 2021).

The Issuer's Russian subsidiary J&T Bank, a.o. is fully self-funded and, following the Invasion of Ukraine, suspended all new lending and deposit taking activities and has since been running-off its loan portfolio and placing excess liquidity with the Russian central bank. Discussions about a potential disposal of J&T Bank, a.o. are on-going, although – given the current situation (including international sanctions being put in place and the need to obtain consent from the Russian central bank) – the outcome is difficult to predict.

The Issuer's direct exposure to Russia and Ukraine is shown in the table below:

<i>(in CZK million)</i>		31 December 2022	31 March 2022
Ukraine	Loans	186	1,380
	Bonds	54	52
Russia	Loans	100	148
	Ownership Interest	508	1,645
Total		848	3,225

Given the partial write-down of the Issuer's direct exposures to Russia and Ukraine (loans and securities) since the Invasion of Ukraine, the Issuer's exposure to Russia and Ukraine is now primarily represented by the book value of its investment in J&T BANK, a.o. (including the building in which J&T BANK, a.o. is headquartered).

Although the financial impact of a full write-down of the remaining Russian and Ukrainian exposure would not be significant for the Issuer and the Group, some residual risks still remain in place until a full exit from the Russian market is realised. These include reputational risk or sanctions risk, both of which may ultimately have a disproportionately negative impact on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer may be unable to continue to effectively hedge its positions

As at 31 December 2022, 64% of the Group's consolidated customer deposits were denominated in CZK (2021: 57%), whereas 74% of the Group's consolidated net loans and advances to customers were denominated in EUR (2021: 67%). The Issuer manages this mismatch using hedging derivative instruments, primarily cross-currency and foreign exchange swaps. When entering into those hedging arrangements, the Issuer relies on a group of counterparties which consists of both domestic financial institutions as well as global investment banks. There is no guarantee that the Issuer will be able to maintain the hedging lines it has in place with the existing counterparties or that it will be able to replace any counterparty should such counterparty decide to terminate the existing relationship with the Issuer, on commercially acceptable terms or at all. This could have a material adverse effect on the Issuer's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Resignation or loss of key personnel could have an adverse effect on the Issuer's ability to execute its strategy

The key personnel, including Patrik Tkáč, Igor Kováč, Štěpán Ašer, Tomáš Klimíček, Jan Kotek and Anna Macaláková as members of the Issuer's Board of Directors and senior management team, have been instrumental in establishing and implementing the Issuer's strategy. Their continued service, or the ability of the Group to appoint suitable replacements when necessary, is critical to the overall management of the Issuer and its ability to achieve the Issuer's strategic objectives.

During the second quarter of 2023, it is envisaged that Štěpán Ašer and Igor Kováč might become minority shareholders in J&T FINANCE GROUP SE, each acquiring a 4.95% ownership interest from Ivan Jakabovič, respectively. Following these changes in the ownership structure of J&T FINANCE GROUP SE, both Štěpán Ašer and Igor Kováč would likely leave their existing positions in the Issuer's Board of Directors within the next 6 – 18 months in order to fully focus on their responsibilities as Members of the Board of Directors of J&T FINANCE GROUP SE. These changes have been planned in advance in order to ensure an orderly transition. The candidates that would replace Štěpán Ašer and Igor Kováč are subject to a regulatory review process. As such, they will be announced once this regulatory review process is completed.

The departure of other key personnel or the inability to attract and retain other suitably qualified senior management personnel, could have a material adverse effect on the Issuer's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks Related to the Banking Business

The Issuer and the Group are exposed to credit risk

The Issuer and the Group are exposed to the risk that borrowers and other counterparties under financial agreements will be unable or unwilling to meet their obligations in accordance with the agreed terms and conditions. The largest source of the Issuer's and the Group's credit risk exposure relates to their lending activities.

The quality of the assets in the Issuer's and the Group's loan portfolio is affected by changes in the creditworthiness of their customers, their ability to repay loans on time and the Issuer's as well as the Group's ability to enforce their security interests on customers' collateral. The recoverability of the credit provided by the Issuer and the Group to its customers may be adversely affected by negative changes in the overall economic, political or regulatory environment affecting the ability of the Issuer's as well as the Group's counterparties to repay their loans, the effectiveness of enforcement proceedings, a decrease in collateral values and other circumstances beyond the Issuer's and the Group's control. Insolvency proceedings in the Czech Republic often take several years (as demonstrated by the insolvency proceedings in respect of Arca Investments, in which the Issuer acts a secured creditor and which have been going on since May 2021) and the level of the creditors' recovery is relatively low.

Furthermore, the Issuer undertakes certain types of lending without tangible collateral, relying only on personal guarantees, which may not be sufficient to cover the outstanding amount following a default. In the case of a default of such a loan, the Issuer has no recourse to collateral, and as a result of this if a large proportion of these borrowers were to default due to deteriorating economic conditions or otherwise this could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base, prospects or reputation.

Although the Issuer and the Group make provisions for potential credit losses in accordance with all applicable requirements and regulations, the provisions are made based on available information, estimates and assumptions, which, by definition, are subject to uncertainty. Therefore, there can be no assurance that provisions made by the Issuer and the Group are or will be sufficient to cover potential future losses. The following tables show the break-down of expected credit loss (ECL) of the Group as at 31 December 2022 and 31 December 2021.

Loans and Other Advances to Customers at Amortised Cost as at 31 December 2022
(in CZK millions)

	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Stage 3 - POCI	Net carrying amount
Loans and advances to customers and overdraft	89,143	(946)	(421)	(3,260)	30	84,546
Receivables from reverse repurchase agreements with customers	2,490	-	-	-	-	2,490
Margin lending (debits)	16,078	-	-	-	-	16,078
Receivables from provided finance leases	1,107	(10)	(3)	(36)	-	1,058
Other receivables	2,130	(25)	-	(116)	(12)	1,977
Total as at 31 December 2022	110,948	(981)	(424)	(3,412)	(18)	106,149

Loans and Other Advances to Customers at Amortised Cost as at 31 December 2021
(in CZK millions)

	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Stage 3 - POCI	Net carrying amount
Loans and advances to customers and overdraft	76,071	(363)	(477)	(3,128)	(50)	72,053
Receivables from reverse repurchase agreements with customers	2,573	-	-	-	-	2,573
Margin lending (debits)	17,729	-	-	-	-	17,729
Receivables from provided finance leases	807	(7)	(2)	(39)	-	759
Other receivables	158	(1)	-	(115)	(2)	40
Total as at 31 December 2021	97,338	(371)	(479)	(3,282)	(52)	93,154

Furthermore, if the credit quality of the Issuer's and the Group's loans or the financial health of any of their customers (including, among others, clients in the construction and real estate sector to which the Issuer has significant exposure as described in more detail in *Risk related to the Issuer's exposure to real estate and construction sectors* above) were to deteriorate, additional impairment provisions may have to be made, which could have a material adverse effect on the Issuer's and the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Any write-downs in the Issuer's or the Group's loan portfolio due to loan losses may ultimately be attributable to many factors, such as the general economic situation, including as a result of economic downturn caused by the impact of COVID-19, higher interest rates resulting from inflation expectations and/or monetary policy tightening, negative changes in the credit ratings of customers or counterparties, customers' servicing of loans and ability to pay, reduction in property values, structural and technological changes in different sectors and external factors such as new rules laid down in legislation and relevant regulations all of which, individually or taken together, can have a material adverse effect on the Issuer's and the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer and the Group are exposed to market risk, in particular interest rate risk and foreign exchange risk

Market risk is the risk of loss to the Issuer and the Group arising from unfavourable changes in interest rates, currency exchange rates, quoted prices of securities, derivatives, commodities, investment instruments and other market variables. The Issuer and the Group are primarily exposed to interest rate risk and foreign currency exchange rate risk.

Interest rate risk is the risk of loss or reduction of future income following changes in interest rates, including the price risk connected to the sale of assets or closing of positions. In the ordinary course of business, interest rate risk arises due to timing differences in the maturity (for fixed rate) and repricing (for floating rate) of the Issuer's and the Group's assets, liabilities and off-balance sheet items.

Due to differences between the Issuer's and the Group's lending and deposit interest rates, the Issuer or other members of the Group may face considerable interest rate risk, as changes in interest rates, yield curves and credit margins can affect the net interest margin realised between the loans provided and deposits accepted. Changes in interest rates (which have spiked in recent months mainly as a result of growing inflation but due to other macroeconomic factors as well) can have a disproportionate or unexpected impact on the return on interest-bearing assets or the cost of interest-bearing liabilities, or otherwise have a negative effect on the Issuer's or the Group's funding costs. An increase in interest rates can also affect general demand for loan products as customers face higher borrowing costs. The Issuer as well as the Group are also exposed to the risk that the fair value of instruments in its securities portfolio may be affected due to shifts in yield curves and credit spreads.

The Value at Risk (**VaR**) statistics of the market risk as at 31 December 2022 and 31 December 2021 are set out in the following table.

<i>(in CZK million)</i>	31 December 2022	31 December 2021
VaR market risk overall	179	111
VaR interest rate risk	83	85
VaR FX risk	100	29
VaR equity risk	87	20
VaR commodity risk	1	1

In order to assess the impact of extremely unfavourable market conditions, the Group performs stress testing. As part of the stress testing, a short-term, medium-term and long-term historic shock scenario is applied to the trading portfolio, and the foreign currency and commodity positions of the Group as a whole. These scenarios evaluate the deepest drop of the current portfolio value which would have happened in the last two years (short-term scenario), five years (medium-term scenario) or fifteen years (long-term scenario). The change in the fair value of the trading portfolio of the Group due to historic shock scenarios is set in the following table.

<i>(in CZK million)</i>	2022	2021
Short-term scenario	(204)	(297)
Medium-term scenario	(468)	(297)
Long-term scenario	(660)	(297)

The Group performs stress testing of the investment portfolio using a standardised interest rate shock, i.e. an immediate decrease / increase in interest rates by 200 basis points along the entire yield curve. The impact of a sudden change in interest rates by 200bp on the present value of the investment portfolio of the Group in economic value of equity (**EVE**) and net interest income (**NII**) is set out in the following table.

<i>(in CZK million)</i>		31 December 2022	31 December 2021	
Increase/decrease in the present value of the investment portfolio due to a sudden change in interest rates by 200 bp	EVE	upward	843	(520)
		downward	(1,274)	(1,344)
	NII	upward	(992)	(601)
		downward	901	1,084

The Issuer and other members of the Group endeavour to protect themselves against interest rate risk by entering into interest rate derivative contracts for hedging purposes or by accepting deposits with an interest and maturity structure that decreases the interest risk. It is, nevertheless, difficult to anticipate changes in the market situation and to predict the impact that such changes could have. An unfavourable movement in interest rates and the Issuer's or the Group's inability to maintain net interest rate margins can have a material adverse effect on the Issuer's and the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Foreign currency exchange rate risk means that the Issuer or other members of the Group might suffer potential loss from unexpected unfavourable movements in exchange rates. Foreign currency exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate differentials, balance of payments between countries, the extent of any governmental budget surplus or deficit, and monetary, fiscal and trade policies pursued by governments in different countries. A substantial portion of the Group's assets and liabilities are denominated in currencies other than Czech koruna and can be adversely affected by fluctuations in foreign currency exchange rates. The following tables set out the foreign exchange exposures of the Group as at 31 December 2022 and 31 December 2021.

Foreign Exchange Risk Exposure as at 31 December 2022 (in CZK millions)

	CZK	USD	EUR	RUB	Other	Total
Assets	105,862	12,286	92,632	2,033	5,536	218,349
Equity and liabilities	111,517	2,002	61,777	2,808	940	179,044

Foreign Exchange Risk Exposure as at 31 December 2021 (in CZK millions)

	CZK	USD	EUR	RUB	Other	Total
Assets	95,856	13,354	74,166	4,574	4,574	192,524
Equity and liabilities	90,168	2,733	64,017	3,083	1,373	161,374

While the Issuer and other members of the Group endeavour to protect themselves against foreign currency exchange rate risk by entering into cross-currency derivative contracts for hedging purposes, an unexpected unfavourable movement in foreign currency exchange rates can have a material adverse effect on the Issuer's and the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer and the Group are exposed to operational risk related to their business activities

The Group is exposed to operational risk which is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or external events. This may arise as a result of a variety of factors, including the acts of the Group's employees, inadequate system operations, irregularities in internal processes, acts of third parties and other external conditions, such as floods, fires or pandemics. The Group is also exposed to fraud committed by its customers, suppliers and third parties, such as cyber criminals, as well as fraud or misconduct committed by employees. Such fraud or misconduct may arise or persist due to the failure or inadequacy of the Group's risk management or corporate governance procedures, weaknesses in IT infrastructure or the failure of third-party contractors to identify or prevent such fraud or misconduct.

The scope of the operational risks associated with the Group's employees include the risk of financial losses resulting from employees' lack of knowledge, inadequate training or violation of laws, rules and regulations or any other misconduct or fraudulent behaviour. Misconduct and fraud have been seen across the global financial services industry and could involve conduct such as, but not limited to, the improper use or disclosure of confidential information or the violation of laws and regulations concerning financial abuse and money laundering. The occurrence of any type of misconduct or fraud could result in penalties or sanctions being imposed on the Issuer or other members of the Group, in addition to the risk that the Issuer or other members of the Group may suffer serious reputational or commercial harm.

The area of financial services is characterised by continuous improvement in operational and information technology and infrastructure. Systems require regular upgrades to meet customer needs and regulatory requirements, keeping the pace corresponding to the current operations of banks and financial institutions. The Group or its service providers may not be able to implement the necessary improvements (such as the e-Portal client interface as described in more detail in *Risks associated with business development initiatives and digital innovation*) on time and upgrades may not work as planned. It is not certain that the Group will always be able to anticipate and respond in a timely and effective manner to the demand for new services and technologies to adapt its infrastructure to advanced technologies.

In addition, there is a risk that key security and transaction documents held by the Issuer or other members of the Group may be lost, misplaced or destroyed (notwithstanding the Issuer's best efforts to prevent this). Any such documents that are lost or destroyed would reduce the Group's ability to enforce its collateral or its rights against the relevant counterparty in the relevant court. Any violation of the Issuer's or other Group members' internal risk management procedures, monitoring systems for foreign exchange transactions and control procedures could also result in the Issuer or other members of the Group inadvertently entering into binding transactions that exceed authorised limits. There is also a risk of sudden stoppages in the Group's systems due to unexpected severe internal or external operational risk event(s), which may result in critical service disruptions. All of these factors or events, individually or taken together, can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks associated with the counterparty credit risk and presence of derivatives in the Issuer's and the Group's portfolio

Counterparty credit risk is the risk of loss arising from a failure of a counterparty to meet the terms of any contract with any member of the Group, or otherwise to fail to perform as agreed. In order to reduce the volatility in its net interest income, the Issuer limits the structural interest rate risk (which occurs as a result of imbalance between interest rate ties and the re-pricing of assets and liabilities) and the foreign currency exchange rate risk exposure, through extensive use of hedging derivative instruments, primarily cross-currency and foreign exchange swaps.

When entering into those hedging arrangements, the Issuer and the Group rely on a group of counterparties which consists of both domestic financial institutions as well as global investment banks. There is no guarantee that the Issuer or the Group will be able to maintain the hedging lines it has in place with the existing counterparties or that it will be able to replace any counterparty should such counterparty decide to terminate the existing relationship with the Issuer or the Group. There can also be no guarantee that the Issuer and the Group will succeed in correctly estimating the risk that occurs in relation to those derivative contracts, which may mean that the collateral and other arrangements entered into between the Issuer and the Group and their counterparties turn out to be insufficient. Errors can also occur in relation to valuation of transactions and the managing of collateral arrangements, which can lead to the outcome of the arrangement being different than intended. A failure to hedge the interest rate and foreign currency exchange rate risks or any default in the future by any significant counterparty can have a material adverse effect on the Issuer and the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer and the Group are exposed to liquidity risk

The Issuer and other members of the Group are exposed to liquidity risk which is the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at an acceptable cost. This may arise, for example, if refinancing can only be obtained at unfavourable terms or is entirely impossible.

Like most other Czech banks, the Issuer relies primarily on customer deposits to meet a substantial portion of its funding requirements. The majority of the Issuer's deposits are retail deposits, whereas 33% of the Issuer's deposits as at 31 December 2022 could be withdrawn on-demand without any notice (37% as at 31 December 2021). These deposits are subject to fluctuation due to factors beyond the Issuer's control, and no assurances can be given by the Issuer that it will not experience a significant outflow of deposits within a short period of time. Since the majority of the Issuer's funding comes from its customer deposit base, any material decrease in deposits could have an adverse effect on the Issuer's liquidity unless appropriate measures are taken, which may not be possible under economically acceptable terms, if at all.

The Czech banking sector experienced an extreme impact of this risk quite recently when Sberbank CZ, a.s., an indirect subsidiary of the Russian majority state-owned Sberbank, entered liquidation in May 2022, following a rapid withdrawal of deposits by customers as a result of the Invasion of Ukraine.

Also, the Issuer or other members of the Group may be unable to meet their respective immediate payment obligations on any particular day and may have to obtain liquidity from the market at short notice and on unfavourable terms, or even fail to obtain liquidity from the market and, at the same time, be unable to generate sufficient alternative liquidity through the sale of its liquid assets. Loss of customer trust in the Issuer or other members of the Group could result in unexpectedly high client money outflows. Deposits could be withdrawn faster than the rate at which some of the Group's borrowers repay their loans, and lending obligations could be terminated. The Issuer's or other Group members' liquidity buffers may not be sufficient and results of the Issuer's or other Group members' liquidity risk management models may lead to inadequate management measures. All of the above can have a material adverse effect on the Issuer's and the Group's liquidity and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer and the Group are exposed to funding risk

Funding risk is the risk of failure to refinance maturing wholesale funding, i.e. securities issued in the capital markets, on sufficiently favourable terms, if at all. Access to, and the cost of, financing raised by the Issuer or other members of the Group through the capital markets are affected, among other things, by general interest rate environment, interest rate cycle, investor sentiment or the Issuer's as well as other Group members' own

capital adequacy and credit ratings. Any deterioration in market conditions or a downgrade of the Issuer's current credit rating may increase its funding costs and limit its access to the capital markets. This could lead to a deterioration in the Issuer's liquidity and make it more difficult to refinance its outstanding securities when they become due. This can have a material adverse effect on the Issuer's liquidity and financial position and the Issuer's ability to meet the obligations under the Notes.

Competition in the financial services sector is intense

The sector in which the Issuer operates is and is expected to remain highly competitive. The Issuer and the Group compete with both established and new competitors from the Czech Republic and, more broadly, from the EU.

The Czech banking market is concentrated with the five largest players – Československá obchodní banka, Česká spořitelna, Komerční banka, UniCredit and Raiffeisenbank – in 2021 in aggregate accounting for 65.6% of the Czech banking sector assets (2011: 61.8%), 60.8% of the Czech banking sector loans (2011: 58.6%), 68.9% of the Czech banking sector deposits (2011: 64.8%) and 70.7% of the Czech banking sector net profit (2011: 75.1%), according to the data published by the CNB.¹ Apart from the considerable scale, all of these banks are also part of large publicly listed international financial services groups with good access to funding and capital. There is no guarantee that the Issuer will be able to compete effectively against these and other larger in-market players which could have a material adverse effect on its operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

In addition, the Czech financial services sector has been consolidating as competitors aim to increase the economies of scale inherent in their businesses with medium sized banks being particularly active. More specifically, in 2020, MONETA Money Bank, a.s. acquired Wüstenrot – stavební spořitelna a.s. and Wüstenrot hypoteční banka a.s. In 2021, Raiffeisenbank a.s. acquired Equa Bank a.s. and completed a re-contracting of ING BANK N.V.'s Czech retail customer portfolio. Finally, in November 2022, Česká spořitelna, a.s. signed an agreement allowing it to take over the loan portfolio of Sberbank CZ, a.s., which entered liquidation following the failure of Sberbank's European operation after the Invasion of Ukraine.

If competitors merge, they can typically realize synergies and benefit from greater economies of scale, which may allow them to offer new products at more attractive prices, while maintaining their margins. Intense competition can lead to a reduction in the Issuer's net interest margin as well as fee income. New and/or larger competitors in the market may also offer jobs to the Issuer's employees and thus potentially cause the Issuer to lose talent, which may force the Issuer to create better conditions to retain its employees to mitigate this impact, thus potentially significantly increasing the Issuer's personnel costs.

Another current trend in the financial services sector is dis-intermediation whereby financial services providers seek to limit or reduce the role of intermediaries (such as brokers or independent agents) because of the more diverse opportunities in new technologies that replace or reduce the need to use such intermediaries. This trend is likely to create new competitors that may have different business models allowing them to compete even more aggressively on price and fees.

The Issuer's ability to handle this competition depends on many factors, including the Issuer's reputation, the quality of its services, performance, sales efforts, product innovation, pricing, ability to attract and retain qualified and competent staff, investments into its IT systems and infrastructure, ability to adapt to new industry trends and its access to liquidity and capital. A failure to compete effectively may have a material adverse effect on the Issuer's operations, profitability or financial position and the Issuer's ability to meet the obligations under the Notes.

Risks associated with regulatory requirements and the Issuer's and the Group's legal obligations

The Issuer and the Group's business operations are subject to a large number of laws and regulations concerning banking operations and financial services and the Issuer and the Group are subject to stringent, constantly increasing and changing regulation and supervision, which means that the Issuer and the Group may be subject to intervention from the regulatory authorities and there is no assurance that the Issuer and the Group will be found fully compliant with all applicable laws and regulations.

¹ Source: Financial Market Supervision Reports of the CNB for the year 2021 and 2011. Available at: <https://www.cnb.cz/en/supervision-financial-market/aggregate-information-financial-sector/financial-market-supervision-reports/>.

In recent years, the regulation of banking operations and the financial sector in general has globally undergone extensive changes. The regulation applicable to banks and in the financial sector generally has been constantly tightening and the powers of the regulators have been widening since the 2008 global financial crisis. These changes can have an impact, among others, on capital and liquidity requirements for banking operations and can lead to further costs and obligations for the Issuer and the Group. Changes may also be imposed on rules governing how the Issuer and the Group run their business. New regulation may force the Issuer and the Group to reduce their level of risk, volume of business in general or the lending exposure to certain sectors in particular. New regulation also generally increases the administrative burden, resulting in increased costs and lower profitability.

There have been recent regulatory changes focussing on environmental, social and governance (ESG) factors. Given the complexity of new ESG-related regulations, and as they have been introduced only recently, there is a risk that the Group may fail to comply with all such ESG-related regulatory requirements on time. Failure to comply with such ESG requirements may have an adverse impact on the Issuer and the Group through the imposition of fines and other regulatory sanctions as well as through reputational damage.

Measures taken by the authorities or unfavourable decisions in disputes with the authorities could also result in fines or restrictions and limits being imposed on the Issuer's or the Group's business operations and give cause for negative publicity.

Furthermore, banking activities are largely dependent on contractual relationships. Customers and counterparties to agreements that any member of the Group has entered into may submit claims against the Group or its subsidiaries that can lead to disputes and legal action. Such demands may, for example, concern liability towards customers with regard to the sale of unsuitable products or with regard to incorrect advice. If the Issuer or any member of the Group are deemed to have neglected their duties, they may be liable to pay damages. Any legal action against any member of the Group can also have a negative impact on the Group's reputation, which in turn can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

If any of the risks set out above were to be realised, this can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Basel III framework may affect the capital requirements associated with a holding of the Notes for certain investors and the Issuer may incur substantial costs in monitoring and complying with new capital adequacy requirements

The Issuer is subject to the Basel III framework introduced by the Basel Committee on Banking Supervision (the **Basel Committee**), which envisages a substantial strengthening of existing capital rules, including new capital requirements intended to reinforce capital standards and to establish minimum leverage ratios for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)). The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and value of the Notes.

Basel III has been implemented in the EU by Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investments firms (CRD IV) and Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR I).

In December 2017, the Basel Committee published its final revised standards for calculating the risk exposure amount, also known as Basel IV. The Basel Committee recommends, among others, that constraints on internal models and the revised standardised approaches should be implemented beginning in 2022. However, the political process that should eventually lead to the implementation of the recommendations in the EU has started only recently, and the outcome thus remains uncertain.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel III framework (including

the possible Basel IV changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The requirements of the NSFR set out criteria for a minimum amount of stable resources to cover illiquid assets and contingent liabilities in the medium term (i.e. more than one year). The binding minimum standard for the NSFR is part of Regulation (EU) 2019/876 amending the CRR I (**CRR II**) and adopted together with Directive (EU) 2019/878 amending CRD IV (**CRD V**), Directive (EU) 2019/879 amending BRRD I (as defined below) (**BRRD II**) and Regulation (EU) 2019/877, which entered into force on 28 June 2021. The level at which the NSFR is set may have an adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base or prospects.

There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Issuer may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The new capital adequacy requirements may also impact existing business models. In addition there can be no assurances that breaches of legislation or regulations by the Issuer will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. Any of the above may have a material adverse effect on the Issuer's operations, profitability or financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer is subject to the Czech Resolution and Recovery Act, implementing BRRD and setting out a bank recovery and resolution framework which is intended to enable a range of actions to be taken in relation to credit institutions considered to be failing or at risk of failing. The implementation of any action under it could materially affect the Issuer and/or the value of any Notes

Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (**BRRD I**) is designed to provide authorities with a set of tools to intervene sufficiently early and quickly in an unsound or relevant entity. This is so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

The powers set out in BRRD I, as amended by BRRD II (**BRRD**) impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. BRRD is implemented in Czech law by the Czech Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market, as amended (the **Czech Resolution and Recovery Act**), which provides for a framework for the recovery and resolution of Czech banks and investment firms.

The Czech Resolution and Recovery Act provides for a special resolution regime applicable to Czech banks (such as the Issuer) or their groups and distinguishes between two basic sets of measures. These measures are crisis prevention measures (in Czech, *opatření k předcházení krizi*) and crisis resolution measures (in Czech, *opatření k řešení krize*). Responsibility for operation of the Czech Resolution and Recovery Act rests almost exclusively with the CNB as the relevant resolution authority whilst the Ministry of Finance of the Czech Republic has some joint powers together with the CNB in adopting and applying the government stabilisation tools (including the temporary public ownership (nationalisation) of all or part of a Czech bank). The Czech Resolution and Recovery Act enables the CNB to intervene in failing Czech banks, Czech banks which are likely to fail, or Czech banks reaching a point of non-viability and also deals with certain other discrete matters. The measures and procedures were implemented into Czech law by the Czech Resolution and Recovery Act without substantial deviations from BRRD.

The legislative framework allows for a multiple-point-of-entry (**MPE**) or a single-point-of-entry (**SPE**) resolution strategy. The minimum requirement for own funds and eligible liabilities (**MREL**) should reflect the resolution strategy which is appropriate to a group in accordance with the resolution plan. Under the SPE strategy, only one group entity, usually the parent undertaking, is resolved whereas other group entities, usually operating subsidiaries, are not put in resolution, but upstream their losses and recapitalisation needs to the entity to be resolved. Under the MPE strategy, more than one group entity may be resolved.

The Issuer is part of J&T FINANCE GROUP which uses the MPE approach with two resolution groups and resolution entities: the Issuer and 365. bank, a.s. Therefore, in the Czech Republic, the Issuer is the point of entry for resolution which means that the losses are recognized at the local level and the resolution action takes place at the Issuer's level with no recourse towards J&T FINANCE GROUP SE or any member of J&T FINANCE GROUP, other than the Issuer. The indicative MREL targets based on risk weighted assets prescribed by the

CNB (excluding the combined capital buffer) applicable to the Issuer have been set as follows: 13.3% as at 1 January 2022, 14.8% as at 1 January 2023 and 16.5% as at 1 January 2024. The Issuer can therefore issue external (extragroup) MREL eligible liabilities. Resolution plans and MREL decisions will be adopted in respect of the Issuer and updated from time to time. As at the date of this Base Prospectus, the CNB's prescription does not specifically require the Issuer to cover the MREL requirement by a subordinated instrument but it cannot be ruled out that in the future the CNB will specify such requirement to the Issuer. Requirements and obligations laid out in the afore-mentioned plans pose potential regulatory risk to the Issuer.

The exercise of any power under the Czech Resolution and Recovery Act or any suggestion of such exercise can, therefore, have a material adverse effect on the Issuer's profitability and financial position and the Issuer's ability to meet the obligations under the Notes. For a detailed description of the powers available under BRRD, as implemented in the Czech Resolution and Recovery Act, see *Adoption of resolution measures or crisis prevention measures against the Issuer may materially adversely affect the value of the Notes and the satisfaction of the claims from the Notes and Any claims from the Notes may be written down or converted in the event of adoption of crisis resolution measures.*

Risks associated with abuse of the financial system

The regulations applicable to the financial sector on the prevention of money laundering, corruption and the financing of terrorism as well as international sanctions have been and are subject to ongoing tightening. The risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased and continues to increase substantially. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Group and its reputation, which, in turn, can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Regardless of the risk mitigation measures that the Issuer and other members of the Group are taking, there can be no assurance that the measures of the Issuer or any member of the Group to prevent money laundering, corruption and the financing of terrorism as well as breach of international sanctions are and have in the past been at all times sufficient and there will be no proceedings, investigations or allegations involving any member of the Group.

The Issuer and the Group are committed to continuously applying sufficient enhancement and maintenance operations on supporting systems. However, there is a risk that the Issuer's or the Group's screening and monitoring approach, supporting processes and systems may not fully prevent the execution or facilitation of transaction(s) which have exposure to money laundering, sanctions and/or terrorism financing offences.

The Issuer and the Group monitor transactions according to predefined scenarios and thresholds, however, there is a risk that the Issuer or the Group may not be able to detect all the patterns and occurrences in a customer's behaviour which indicate breaches of anti-money laundering or sanctions laws on the part of the customer.

The Issuer and the Group have developed a regular reporting routine and has defined additional need-based escalation topics to management containing both qualitative and quantitative components. Nevertheless, risks may arise where the Issuer has not sufficiently defined the content of reporting principles. The occurrence and realisation of the above-mentioned risks could – regardless of whether due to enforcement activities of state supervisory authorities or adverse public opinion – have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks associated with the Issuer's and the Group's human resources

The Issuer's and the Group's performance are largely dependent on the talent and effort of its highly skilled individuals. The Issuer's and the Group's continued ability to compete effectively in their businesses depends on the Issuer's and the Group's ability to attract new qualified employees and to retain and motivate their existing employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified staff is intense. The need for cost efficiency coupled with high workload could also result in a lower rate of wage increases in the coming years, which may pose a challenge to the Issuer's and the Group's ability to retain or recruit employees. A failure by the Issuer or the Group to attract and retain sufficiently qualified, skilled and motivated employees, can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risks associated with business development initiatives and digital innovation

The rise of digital banking is changing customer expectations of the availability of banking services. As digital changes make transactions easier and more convenient, the Issuer and the Group expect customers to transact more, and in many different ways. The Issuer or the Group may not be able to manage service provision ahead of rising customer expectations or may have competitors who are more successful in meeting demand for digital banking services, which could affect their ability to attract and retain customers.

The Issuer and the Group are constantly exploring ways to develop and streamline their operations, meet their customers' demands, stay up-to-date with market developments, make their operations more efficient and improve their profitability and financial position.

For example, in 2023, the Issuer is now undertaking a significant initiative to develop a new electronic client interface – the ePortal. This project aims to create intuitive and simple tools for managing the clients' financial assets through online access as well as through support for private bankers and business networks. If the project proceeds as planned, clients will be able to start using the new digital channels later this year. The introduction of new asset management tools should contribute to the growth of the assets administered by the Issuer and the Issuer's services should be increasingly sought by clients who are still working on building their long-term financial assets.

With any business development initiatives and changes to the operating model, there is a risk that the initiative or change may, regardless of the Issuer's or the Group's efforts, not bring the desired benefits. Moreover, there is a risk that such initiatives and changes may result in inefficiencies, stoppages or delays in the Issuer's or the Group's operations, negatively affect the Issuer's or the Group's customer satisfaction (potentially leading to loss of clients), reputation and awareness of the Group's brand. The occurrence of any such event can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Litigation and disputes

In the ordinary course of their business, the Issuer and other members of the Group are exposed to a significant risk of claims, disputes and legal proceedings. In many cases, the Issuer or other members of the Group will be the plaintiff, typically seeking to recover money advanced and they may not always be successful in this endeavour and, even where successful, the costs involved in the litigation will reduce the recoveries. In cases where the Issuer or any member of the Group is a defendant, in addition to the cost of defending the claim, the Issuer or any other member of the Group may be required to pay significant damages and the dispute could also negatively affect the Group's reputation.

For example, in 2020-2022 the Issuer was one of the defendants in the New York Court, with Kingstown Capital, Investhold Ltd. and Verali Limited, among others, as plaintiffs. The plaintiffs sought compensation for damages in excess of USD 1 billion (which could have been increased up to three times under US law) for the allegedly illegal way of gaining control of the company ORCO by CPI. The plaintiffs alleged that the Issuer assisted CPI in its unlawful conduct. On 4 September 2020, the United States District Court, Southern District of New York dismissed the action brought by the plaintiffs (including, among others, Kingstown Capital, Investhold Ltd. and Verali Limited). The plaintiffs lodged an appeal against this decision on the dismissal of the action in the United States Court of Appeal which issued in September 2022 a summary order affirming the judgment of the United States District Court, Southern District of New York to dismiss the lawsuit.

Any such damages or reputational harm, or any associated fines or other penalties, can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

Risk associated with information security and risk of cybercrime attacks

The Issuer and the Group's operations rely on the correct and secure processing and communication of large amounts of information, which is often of a confidential nature. As part of their business operations, the Issuer and other members of the Group record personal and banking details that they receive from their customers. Significant costs may be incurred if information security risks, such as illegal access to or distortion of information (such as accidental alteration or omission of certain information processed and communicated by the Issuer or other member of the Group), are realised. Costs may also be incurred by the Issuer or other members

of the Group in protecting themselves against breaches of data protection rules and in solving problems that have been caused as a result of such breaches.

Regulatory requirements in relation to cybersecurity are increasingly demanding. The Issuer as well as other members of the Group (seated within the EU) are also subject to the EU General Data Protection Regulation (**GDPR**). If any such member of the Group or any of their third-party service providers fail to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, such member of the Group could be subject to investigative and enforcement action by relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. Under GDPR, data protection agencies have the right to audit as well as to impose orders and fines, up to EUR 20 million, or up to 4% of the worldwide annual revenue for the previous financial year, if they find that the respective member of the Group has not complied with applicable laws and adequately protected customer data. Should some or all of these risks materialise, this can have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

As is the case with all financial institutions, the Group's activities have been, and could continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continually evolving. In addition, digital transformation can make the Issuer or any member of the Group a potential target for cybercrime attempts which, among others, include physical identity theft, unauthorised access to privileged and sensitive customer information as well as payment and credit card information. While the Issuer and the Group have invested into developing and implementing systems and defences to address cyber-attacks threats, there can be no assurance that the Issuer or the Group will not continue to be subject to increasingly sophisticated cybersecurity attacks and experience security breaches or unexpected disruptions to their systems and services in the future. Such security breaches and unexpected disruptions could in turn result in liability towards the Issuer's or the Group's customers and/or third parties and consequently have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer's and the Group's risk management strategies and procedures may prove insufficient or fail

The Issuer's or other Group members' strategies and procedures for managing credit risk, market risk, liquidity risk and operational risk may prove insufficient or fail. Some of the Issuer's or other Group member's methods for managing risk are based upon observations of historical market behaviour. The Issuer and other Group members also apply statistical techniques to observations to arrive at quantifications of their risk exposures. However, these methods may not accurately quantify the Issuer's or other Group member's risk exposures. As additional information becomes available, the Issuer or other member of the Group may need to make additional provisions if default rates are higher than expected. If circumstances arise whereby the Issuer or other Group member did not identify, anticipate or correctly evaluate certain risks in developing their statistical models, losses could be greater than the maximum losses envisaged under their risk management system.

In addition, if any of the instruments and strategies that the Issuer or other Group member use to hedge their exposure to various types of risk is not effective, the Issuer or other Group member may incur losses. Unexpected market developments may also adversely affect the effectiveness of the Issuer's or other Group member's hedging strategies, and the Issuer or other Group member may choose not to hedge all of its risk exposures in all market environments or against all types of risk. In addition, the methodology by which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Issuer's or the Group's reported results of operations.

Any material deficiency in the Issuer's or other Group member's risk management or other internal control policies or procedures may expose them to significant credit, liquidity, market or operational risk and material unanticipated losses, which may in turn have a material adverse effect on the Group's business, results of operations, financial condition, liquidity, capital base, prospects or reputation and the Issuer's ability to meet the obligations under the Notes.

The Issuer and the Group are subject to risks in their trading activities

The Issuer and the Group trade various securities and derivatives, including debt, equity and commodities, both as agent and principal, and derive a portion of its non-interest income from profits earned on such trades. The consolidated net trading income of the Group for the year 2022 and 2021 is set out in the following table.

<i>(in CZK million)</i>	31 December 2022	31 December 2021
Realised/unrealised gains on securities	(84)	(293)
Net income /(loss) on derivative operations	3,413	(406)
Net profit/(loss) from foreign currency translation	(1,244)	(264)
Dividend income	69	830
Total	2,154	(133)

The Issuer and the Group may be exposed to a number of risks related to changes in the value of such financial instruments, including the risk of unfavourable market price movements relative to its investment positions, a decline in the market liquidity of the related instruments, volatility in market prices, interest rates or foreign currency exchange rates relating to these positions and the risk that the instruments with which the Issuer and the Group choose to hedge certain positions do not track the market value of those positions. If the Issuer or the Group incur any losses from these exposures, this would reduce the Group's income or cause the Issuer or the Group to suffer losses, either of which could have a material adverse effect on the Group's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

The Issuer is dependent on its banking and other licences

The banking and other operations performed by the Issuer require it to obtain licences from the CNB and other Czech authorities. A large majority of the Issuer's business depends on its banking licence granted by the CNB, which can, at the same time, be revoked by the CNB in case the Issuer becomes insolvent or in case the CNB detects serious shortcomings in the activities of the Issuer and such shortcomings persist (for more details see section *Banking Regulation in the Czech Republic- Remedial Measures and Penalties*). If the Issuer loses its general banking licence, it will be unable to perform any banking operations, especially in the Czech Republic. There is no assurance that the Issuer will be able to maintain the necessary licences in the future. The loss of a licence, a breach of the terms of any licence or failure to obtain or renew any required licences in the future could have a material adverse effect on the Issuer's operations, profitability and financial position and the Issuer's ability to meet the obligations under the Notes.

II. RISKS RELATED TO THE NOTES

The risk factors related to the Notes are presented in the following categories depending on their nature with the most material risk factor presented first in each category:

- Risks relating to the regulatory classification of the Notes;
- Risks related to the specific Terms and Conditions of the Notes;
- Risks related to the nature of the Notes; and
- Other risks related to the Notes.

Risks relating to the regulatory classification of the Notes

Risks relating to all Notes

Adoption of resolution measures or crisis prevention measures against the Issuer may materially adversely affect the value of the Notes and the satisfaction of the claims from the Notes

The Czech Resolution and Recovery Act, which transposes the BRRD into Czech law, enables the CNB to intervene in respect of Czech banks (including the Issuer) or their groups that are likely to fail or are failing, by exercising the power to adopt crisis resolution measures, crisis prevention measures or certain other powers.

Responsibility for the exercise of the powers under the Czech Resolution and Recovery Act sits almost exclusively with the CNB, which, as at the date of this Base Prospectus, is the relevant resolution authority. The Ministry of Finance of the Czech Republic has some joint powers together with the CNB in relation to the government stabilisation tools, including joint deciding on a proposal to provide public financial support to a bank or a proposal for a transfer of instruments of participation in the bank to the state. The application of the government stabilisation tools is decided on by the Government of the Czech Republic.

A bank is failing when (a) it meets the conditions for withdrawal of its authorisation, in particular as it has suffered a loss that has caused or may cause a material fall in the amount of its capital; (b) its assets are less than its liabilities; (c) it is unable to pay its debts as they fall due; or (d) it requires extraordinary public support (except in limited circumstances). A bank is also failing when it can be reasonably expected that at least one of the conditions set out in (a) to (c) above will be met.

The Czech Resolution and Recovery Act enables the CNB to adopt various crisis resolution measures, alone or in combination where (i) a bank is failing; (ii) taking into account all circumstances, there is no reasonable prospect that any alternative measure than resolution measure would prevent the failure of such bank; and (iii) a resolution action is in the public interest. The crisis resolution measures introduced by the Czech Resolution and Recovery Act include, for example: (i) transfer of activity to a private acquirer, which enables the CNB to decide on the transfer of an instrument of participation in the bank or the bank's assets or debts in the whole or in part to a private acquirer; (ii) transfer of activity to a bridge institution for the purpose of preserving fundamental operations of the bank, which enables the CNB to decide on the transfer of an instrument of participation in the bank or the bank's assets or debts in whole or in part to a business corporation in which the state holds a stake and whose purpose is the acquisition, holding and subsequent transfer of these instruments, assets or debts to a third party; (iii) transfer of activity to an asset management vehicle, which enables the CNB to decide on the transfer of the assets or debts of the bank or of the bridge institution in whole or in part to a business corporation in which the state holds a stake and whose purpose is the acquisition, holding and subsequent transfer of these instruments, assets or debts to a third party; (iv) adoption of management resolution measures, which enables the CNB to commence administration of the bank independently, as a result of which the exercise of powers of the management body and the supreme body of the bank will be suspended, and the powers that would otherwise pertain to these bodies will be exercised by the CNB or a special administrator; (v) write-down or conversion powers, which give the CNB a power to write-down eligible liabilities (such as the Senior MREL Notes and Senior Non-Preferred MREL Notes), or to convert them to equity or other common equity Tier 1 capital instruments of the bank (which may also be subject to future write-down), in part or in full; and (vi) government stabilisation tools, which means public capital support and transfer of instruments of participation in the bank to the state.

The Czech Resolution and Recovery Act also gives the CNB the power to adopt certain crisis prevention measures. They include, for example, the power to write-down (in whole or in part) capital instruments, including the bank's Tier 2 instruments eligible for inclusion in the Tier 2 capital of the Issuer pursuant to Article 63 of the CRR (the **Tier 2 Capital**) (such as the Tier 2 Subordinated Notes) or eligible intragroup liabilities or convert them to equity or other common equity Tier 1 capital instruments of the bank (which may also be subject to future write-down) which are applicable when the bank is not viable. A full write-down or conversion of capital instruments and intragroup liabilities eligible for write-down must occur before, or at the latest together with, the adoption of certain crisis resolution measures (write-down or conversion of eligible liabilities, transfer of activity to private acquirer, transfer of activity to bridge institution, or introduction of asset management vehicle), except in case the CNB expects that the creditors will not bear any losses due to the adoption of those crisis resolution measures. The point of non-viability is the point at which the CNB determines that the bank either (i) meets the conditions for the adoption of crisis resolution measures; (ii) is not viable without a write-down or conversion of capital instruments; or (iii) is in a state that requires the providing of public support (with an exception envisaged by the Czech Resolution and Recovery Act). The point of non-viability may be determined also on the level of the bank's group. The bank or the group of which the bank is a member is non-viable without a write-down or conversion of capital instruments and eligible intragroup liabilities if it is failing and, taking into account all the circumstances, it cannot be reasonably expected that any other measure than a write-down or conversion of capital instruments and eligible intragroup liabilities made separately or together with another measure would avert its failure in a reasonable time. For the purposes of assessment according to the previous sentence, the bank's group is failing if its member fails to meet the prudential requirements on a consolidated basis in such a way that it warrants an intervention by the CNB, or if, taking into account all the circumstances, it can be reasonably expected that this condition will be met in the near future.

The CNB is not required to provide any advance notice to the Noteholders of its decision to exercise any powers under the Czech Resolution and Recovery Act, and such a decision may become effective upon its publication on the website of the CNB. Therefore, the Noteholders may not be able to anticipate a potential exercise of any such powers or the potential effect of any exercise of such powers on the Issuer or the Notes. The Noteholders have only very limited rights to challenge and/or seek a suspension of any such powers; the powers may principally only be challenged and/or sought to be suspended in administrative or judicial proceedings held in the Czech Republic under Czech law.

The Noteholders should presume for the event of the bank's failure that public support would be granted to the bank only as a solution of last resort, after the CNB has considered and as much as possible adopted other measures, including the power to write-down or convert capital instruments and eligible liabilities. Therefore, the Noteholders may in no case rely on such support being granted to the bank.

The CNB's powers under the Czech Resolution and Recovery Act to intervene in Czech banks may also be further amended and expanded over time, as so happened for example by way of implementation of BRRD II into Czech law with effect mostly from 14 August 2021.

The exercise of any powers under the Czech Resolution and Recovery Act in relation to the Issuer or the Notes (including, but not limited to, the adoption of crisis resolution measures or the write/down or conversion of capital instruments), or any proposal to exercise such powers, or perception that they may be exercised even if such perception is not based on facts, may materially adversely affect the value of the Notes, otherwise affect the rights of the Noteholders and lead to the Noteholders losing some or all of their investment in the Notes.

Any claims from the Notes may be written down or converted in the event of adoption of crisis resolution measures

The power of the CNB to write-down or convert under the Czech Resolution and Recovery Act enables the CNB, without the consent of the Noteholders or the Issuer, to write-down or convert (to equity or other common equity Tier 1 capital instruments of the Issuer) the Issuer's debts if it is failing or is likely to fail, so that the losses are transmitted to its shareholders and unsecured creditors. Any claims from the Notes, including claims for the repayment of the principal and payment of accrued and outstanding interest, may be written down or converted (see also *Adoption of resolution measures or crisis prevention measures against the Issuer may materially adversely affect the value of the Notes and the satisfaction of the claims from the Notes*) without the consent of the creditors or the Issuer. Also if claims from the Notes are converted to equity or other common equity Tier 1 capital instruments of the Issuer, these equity or other common equity Tier 1 capital instruments of the Issuer may be further decreased, transferred, written down or diluted.

Under the Czech Resolution and Recovery Act, the CNB is required to exercise the write-down or conversion in accordance with the hierarchy of claims in normal insolvency proceedings (i.e. claims would be written-down or converted in inverse order to the order in which the claims would be satisfied in insolvency proceedings). Accordingly, the impact of application of such powers on the Notes should depend on their ranking in accordance with such hierarchy. The claims should be written-down or converted in accordance with the following sequence² (also called "loss absorbing cascade"): (i) CET 1 items; (ii) AT 1 instruments; (iii) Tier 2 Capital (including the Tier 2 Subordinated Notes); (iv) eligible intragroup liabilities, (v) subordinated debt that is not AT 1 or Tier 2 Capital; (vi) unsecured claims resulting from non-preferred debt instruments within the meaning of Section 374b of the Czech Act No. 182/2006 Coll., on Insolvency and Method of its Resolution (Insolvency Act), as amended from time to time (the **Czech Insolvency Act**) (such as the Senior Non-Preferred MREL Notes); (vii) unsecured and unsubordinated claims that are not resulting from debt instruments within the meaning of Section 374b of the Czech Insolvency Act (such as the Senior MREL Notes); and (viii) the rest of the bail-inable liabilities which rank senior to other unsubordinated claims (such as most deposits and secured claims).

The Noteholders whose claims from the Notes have been written down or converted have, if they have registered with the CNB in accordance with the Czech Resolution and Recovery Act, the right to a compensation only if, after the adoption of the resolution measure or write-down or conversion, their status has deteriorated compared to a hypothetical status they would have in the Issuer's insolvency proceedings, determined based on an independent valuation. If it follows from such valuation that as a result of a write-down or a conversion the Noteholders suffered a loss (represented as a difference between the amount the Noteholders received and the amount the Noteholders would receive in a hypothetical insolvency proceeding relating to the Issuer), the CNB decides that the Noteholders are entitled to a compensation. The compensation represents a safeguard (known as "no creditor worse off") whose goal is to ensure that no creditor obtains a worse status than it would have in the event of the Issuer's insolvency. However, if such a compensation is granted it is possible that it will be made with a delay, in particular compared to the original payment dates of the Notes and the related interest. Furthermore, even if such a compensation is granted, it is likely that it would not compensate all the losses the Noteholders have suffered by the write-down or conversion of their claims from the Notes, because the purpose

² See also the Standardised method of reporting insolvency rankings published by the CNB. Available at: <https://www.cnb.cz/en/resolution/general-approach-of-the-czech-national-bank-to-setting-a-minimum-requirement-for-own-funds-and-eligible-liabilities-mrel/standardised-method-of-reporting-insolvency-rankings/>.

of the compensation is not to compensate the losses of the investors caused in this way in the full extent, but only in an extent in which those losses exceed the losses the investor would suffer in hypothetical insolvency proceedings with the Issuer (which would, as a general rule, be held under Czech law in accordance with the Czech Insolvency Act).

The Issuer can provide no assurance, however, that under severe or unexpected circumstances the Parliament of the Czech Republic or the CNB would not take steps, which may include amendments to the Czech Resolution and Recovery Act or rules in relation thereto, that would result in changes to the loss absorbing cascade summarized above. For example, as part of the sale of Credit Suisse Group AG (**Credit Suisse**) to UBS Group AG (**UBS**) announced in March 2023, the Swiss Financial Market Supervisory Authority (**FINMA**) issued a decree ordering the write-down of outstanding Credit Suisse additional Tier 1 (**AT1**) instruments, comprising an aggregate nominal value of approximately CHF 16 billion (\$17.3 billion equivalent). The write-down, which was implemented pursuant to the AT1 instruments' contractual terms, was enforced notwithstanding the ability of the holders of Credit Suisse ordinary shares to receive compensation in connection with the sale to UBS. While the European Banking Authority, the Single Resolution Board and the European Central Bank Banking Supervision subsequently published a statement confirming that common equity remains the first to absorb losses in case of resolution or insolvency, and only after their full use would additional AT1 instruments be written down, there can be no assurance that similar steps will not occur in the future, and the prospect or implementation of such changes, whether or not in connection with a resolution proceeding, could have an adverse impact on the market value of the Tier 2 Subordinated Notes (and potentially on other types of Notes).

It is likely that a decision on the write-down or conversion of claims from the Notes (as one of possible crisis resolution measures) will be unforeseeable, and it may depend on a number of factors that may be outside of the Issuer's control. If the power of write-down or conversion is applied to the Issuer, the principal amount of the Notes may be fully or partially written down or converted into instruments of ownership, although claims of other creditors of the Issuer might not be affected.

The adoption of any write-down or conversion powers or any proposal to exercise such powers in respect of any Notes, even if the likelihood of the exercise is low, or perception that the measure may be adopted even if such perception is not based on facts, or even adoption of any write-down or conversion powers or any proposal to exercise such powers in respect of any comparable notes issued by other credit institutions or other financial institutions may materially adversely affect the value of the Notes, and lead to the Noteholders losing some or all of their investment in the Notes.

Noteholders may not be able to enforce their rights under the Notes in the event of the exercise of any resolution power

Adoption of any resolution measure in relation to the Issuer by the CNB, or a circumstance that arises as a direct consequence of adoption of the measures, would not constitute an event of default and would not give the Noteholders the right of withdrawal, set-off or other termination of rights and liabilities under the Notes, provided the contractual obligations from the Notes continue to be performed (including payment obligations).

The Czech Resolution and Recovery Act also enables the CNB to temporarily suspend the Issuer's payments or other satisfaction of debts (including the debts from the Notes) until the end of the business day following the public announcement of a resolution measure. The Czech Resolution and Recovery Act also enables the CNB to postpone by up to 18 months, even repeatedly, the maturity of capital instruments issued by the bank (which include, among others, the Tier 2 Subordinated Notes) or the bank's other liabilities that may be written down (which include, among others, the other Notes), including the maturity of interest agreed in connection with such instrument or liability.

Moreover, under the Czech Resolution and Recovery Act, the CNB may suspend the obligations of a Czech bank stemming out of agreements or contracts for up to two business days, if the CNB (i) finds that the Czech bank is failing; (ii) it cannot reasonably be assumed that a private sector measure would avert its failure within a reasonable time; (iii) the suspension of the obligation is necessary to prevent a further deterioration of the financial situation of the Czech bank; and (iv) suspension of the obligation is necessary to determine whether crisis resolution is in the public interest, to select appropriate crisis resolution measures or to ensure their effective implementation.

If any resolution power is exercised, any exercise of the rights associated with the Notes may also be restricted by the provisions of the resolution action or the Czech Resolution and Recovery Act. Therefore, it cannot be

ruled out that the exercise of any resolution power may materially adversely affect the rights of the Noteholders, the value of the Notes, and/or the Issuer's ability to meet the obligations under the Notes.

There are no events of default applicable in relation to the Tier 2 Subordinated Notes and the MREL Notes, their Noteholders do not have the right to accelerate payments or to request early redemption upon a breach of the Terms and Conditions, in particular not even upon a default in payments

The Issuer issues the Tier 2 Subordinated Notes and the MREL Notes (as defined below) for regulatory purposes, in particular to fulfil its obligations relating to the minimal requirements for own funds and eligible liabilities applicable to the Issuer. Accordingly, the Tier 2 Subordinated Notes are intended to qualify as Tier 2 Capital, and therefore also into the amount to be complied with for purposes of fulfilling the minimum capital requirements applicable to the Issuer. The Senior MREL Notes and the Senior Non-Preferred MREL Notes (together, the **MREL Notes**) are intended to qualify as eligible liabilities instruments included in the amount to be complied with for purposes of fulfilling MREL requirements of the Issuer pursuant to the Czech Recovery and Resolution Act.

In relation to these Notes, the CRR and the BRRD (in the wording of applicable regulations as amended by the proposal for an EU banking reform (first published by the European Commission on 23 November 2016) of 20 May 2019 (the **EU Banking Reforms**)) do not allow the Terms and Conditions to permit the Noteholders to accelerate payments under the Notes or to decide on early redemption of the Notes in other cases than in the event of the Issuer's insolvency or liquidation.

As a result of the regulatory restrictions applicable to these Notes, there are no events of default applicable in relation to the Notes and the Noteholders do not have the right to accelerate payments of interest or principal under the Notes otherwise than in case of insolvency of the Issuer, and the Noteholders do not have the right to or request early redemption of the Notes upon a breach of the Terms and Conditions, in particular not even when the Issuer fails to pay duly and in time the interest on, and repay the principal of, the Notes or if the Issuer fails to satisfy any other obligations associated with the Notes.

The rights of holders of the Tier 2 Subordinated Notes and the MREL Notes to accelerate payments or request early redemption are more limited than is usual with notes generally, and the holders of the Notes are thus exposed to a higher risk in the enforcement of their claims associated with the Notes.

The Tier 2 Subordinated Notes and MREL Notes may not be redeemed at the option of the Noteholders

Holders of the Tier 2 Subordinated Notes and the MREL Notes will have no rights at their option to call for the early redemption of their Tier 2 Subordinated Notes and their MREL Notes (no investor put).

Therefore, potential investors should not invest in the Tier 2 Subordinated Notes and the MREL Notes in the expectation that they have an early redemption right. Furthermore, Noteholders of the Tier 2 Subordinated Notes and the MREL Notes should be aware that they may be required to bear the financial risks of an investment in the Tier 2 Subordinated Notes and the MREL Notes until their final maturity.

For details and considerations relating to the absence of early redemption rights of Noteholders upon an event of default of the Issuer, see also *There are no events of default applicable in relation to the Tier 2 Subordinated Notes and the MREL Notes, their Noteholders do not have the right to accelerate payments or to request early redemption upon a breach of the Terms and Conditions, in particular not even upon a default in payments* above.

Certain Notes may not be subject to set-off or any guarantee

The Tier 2 Subordinated Notes and the MREL Notes are not subject to any set-off or netting arrangements that would undermine their capacity to absorb losses in resolution and are neither secured nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes. The Noteholders are not entitled to set-off any claim against the Issuer associated with these Notes against any Issuer's claim.

Substitution or variation of certain Notes

If Substitution and Variation is specified in the relevant Final Terms as being applicable to the Notes and certain regulatory or taxation events occur, or to ensure the effectiveness or enforceability of the recognition of statutory bail-in and loss absorption powers, the Issuer may (subject to compliance with conditions stipulated by the Terms

and Conditions) without the need for any consent of the Noteholders substitute all (but not some only) of the Notes for, or vary the terms of all (but not some only) of the Notes so that the Notes remain or become Qualifying Notes.

No assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. There can also be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable to Noteholders, that such Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms, or that the prices of the Notes subject to the substitution or variation will not be negatively affected by a notified or planned substitution or variation. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

Particular risks relating to the Tier 2 Subordinated Notes

The Tier 2 Subordinated Notes carry an enhanced risk of loss in the event of the Issuer's insolvency or liquidation and if the Issuer is failing or likely to fail

The Tier 2 Subordinated Notes constitute subordinated claims of the Noteholders against the Issuer and shall be satisfied as subordinated obligations of the Issuer pursuant to Section 172(2) of the Czech Insolvency Act. The subordination of the Notes means that if the Issuer is declared insolvent or enters liquidation, the Tier 2 Subordinated Notes will be satisfied only after the satisfaction of all the other claims against the Issuer, except for claims having the same or lower position in the hierarchy of claims. Therefore, in the event of the Issuer's insolvency or liquidation, the claims from the Tier 2 Subordinated Notes, including the claims for the repayment of the principal and payment of interest will be satisfied in particular after the full satisfaction of all unsubordinated claims against the Issuer. If the Issuer does not have sufficient assets to satisfy all the claims that are to be satisfied before the claims from Tier 2 Subordinated Notes, the claims from the Tier 2 Subordinated Notes will not be satisfied, therefore investors in these Notes will lose the entire amount of their investment. If the Issuer does not have sufficient assets to satisfy all the debts that are to be satisfied in the same ranking as claims from Tier 2 Subordinated Notes, these claims will be satisfied proportionately and only partially, therefore the investors will lose a part of their investment. Although with the Tier 2 Subordinated Notes there may be associated a right to a higher interest than in relation to other notes that have a higher ranking in the event of insolvency or liquidation proceedings, in the event the Issuer is declared insolvent or enters liquidation, the holders of the Tier 2 Subordinated Notes face (among others compared to depositors, other unsubordinated creditors of the Issuer or holders of the MREL Notes) an enhanced risk that their claims will not be satisfied, and therefore, also an enhanced risk of loss of a part or all of their investment.

In the event of the exercise of a power to write-down or convert under the Czech Resolution and Recovery Act, the claims against the Issuer would be written down or converted in inverse ranking to the ranking in which the claims in the Issuer's insolvency proceedings would be satisfied. Moreover, a full write-down or conversion of capital instruments (i.e. CET 1, AT 1 and Tier 2 Capital, including the Tier 2 Subordinated Notes) or eligible intragroup liabilities must occur before, or at the latest together with, the adoption of certain resolution measures (write-down or conversion of eligible liabilities, transfer of activity to a private acquirer, transfer of activity to a bridge institution, or introduction of an asset management vehicle). Therefore the holders of the Tier 2 Subordinated Notes face (among others compared to depositors, other unsubordinated creditors or holders of the MREL Notes) an enhanced risk that if the Issuer is failing or likely to fail, their claims will be written down or converted, and consequently that the Noteholders will lose a part or all of their investment.

Claims from the Tier 2 Subordinated Notes may be written down or converted also in the event the Issuer is determined not viable (and not only if the conditions for application of a resolution measure are fulfilled)

The Czech Resolution and Recovery Act stipulates that claims from the Tier 2 Subordinated Notes may be written down or converted as capital instruments also if the CNB determines that the Issuer is not viable. Also if claims associated with the Tier 2 Subordinated Notes are converted to equity or other common equity Tier 1 capital instruments of the bank, these equity or other common equity Tier 1 capital instruments of the bank may be further decreased, transferred, written down or diluted.

The point of non-viability is the point at which the CNB determines that the bank either (i) meets the conditions for adoption of resolution measures; (ii) it is not viable without a write-down or conversion of capital instruments and eligible intragroup liabilities; or (iii) it is in a state that requires the providing of public support (with an

exception envisaged by the Czech Resolution and Recovery Act). The point of non-viability may be determined also on the level of the bank's group (however this approach does not apply to the Issuer as at the date of this Base Prospectus). The bank or the group of which the bank is a member is non-viable without a write-down or conversion of capital instruments and eligible intragroup liabilities that may be written down if it is failing and, taking into account all the circumstances, it cannot be reasonably expected that any other measure than a write-down or conversion of capital instruments and eligible intragroup liabilities that may be written down made separately or together with another measure would avert its failure in a reasonable time. For the purposes of assessment according to the previous sentence, the bank's group is failing if its member fails to meet the prudential requirements on a consolidated basis in such a way that it warrants an intervention by the CNB, or if, taking into account all the circumstances, it can be reasonably expected that this condition will be met in the near future.

The exercise of the power to write-down or convert capital instruments and eligible intragroup liabilities that may be written down precedes the adoption of certain resolution measures (if any), in particular the exercise of the power to write-down or convert eligible liabilities, and its exercise is not always conditioned only by the Issuer failing.

Therefore, the holders of the Tier 2 Subordinated Notes, compared to other claims that rank higher in the hierarchy of claims against the Issuer (among others all depositors, holders of the MREL Notes and other unsubordinated creditors) face a higher risk of loss of a part or whole of their investment due to the exercise of the write-down or conversion powers.

The holders of the relevant Tier 2 Subordinated Notes whose claims from the Notes have been written down or converted to absorb losses when the Issuer has been determined to be non-viable have, if they have registered with the CNB in accordance with the Czech Resolution and Recovery Act, the right to a compensation determined based on an independent valuation of the Issuer only if, after the adoption of the powers (if any), their status has deteriorated compared to a hypothetical status they would have in the Issuer's insolvency proceedings determined based on an independent valuation. If it follows from such valuation that as a result of a write-down or a conversion the Noteholders suffered a loss (represented as a difference between the amount the Noteholders received and the amount the Noteholders would receive in a hypothetical insolvency proceeding relating to the Issuer), the CNB decides that the Noteholders are entitled to compensation. The compensation represents a safeguard (known as "no creditor worse off") whose goal is to ensure that no creditor obtains a worse status than it would have in the event of the Issuer's insolvency. However, if such compensation is made it is possible that it will be made with a delay, in particular compared to the original payment dates of the Notes and the related interest. Even if such a compensation is made, it is also likely that the compensation would not compensate all the losses the Noteholders have suffered by the write-down or conversion of their claims associated with the Notes as the purpose of the compensation is not to compensate the losses of the investors caused in this way in the full extent, but only in the extent in which those losses exceed the losses the investor would suffer in hypothetical insolvency proceedings with the Issuer (which would, as a general rule, be held under Czech law in accordance with the Czech Insolvency Act).

Holders of the Tier 2 Subordinated Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities

There are no restrictions (contractual or otherwise) on the amount of ordinary secured or unsecured liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking *pari passu* with, or senior to, the Tier 2 Subordinated Notes.

Any issue of such instruments and/or any incurring of such liabilities generally increases the risk that the Issuer will not be able to pay its debts under the Tier 2 Subordinated Notes and may reduce the amount (including to zero) recoverable by Noteholders of the Tier 2 Subordinated Notes upon the Issuer's insolvency.

In the event of exercise of the crisis resolution measure of write-down and conversion of liabilities, all lower-ranking claims against the Issuer will have to be written-down or converted before the write-down and conversion of the higher-ranking claims. As a result, the issuance of debts ranking higher than the Tier 2 Subordinated Notes may unexpectedly increase the losses of holders of the Tier 2 Subordinated Notes if such measures are exercised. In the same way, issuance of *pari passu* debts to the Tier 2 Subordinated Notes may increase the losses of the holders of the Tier 2 Subordinated Notes proportionally.

Given the subordinated status of the Tier 2 Subordinated Notes, this risk is significantly higher than in the case of other Notes or any other unsubordinated debt issued by the Issuer.

The Tier 2 Subordinated Notes may be redeemed at any time for reasons of taxation or regulatory reasons

The Issuer may at its sole discretion, early redeem the Tier 2 Subordinated Notes before their stated maturity (also before five years after the date of their issuance), at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or for regulatory reasons, if certain conditions are fulfilled.

The Tier 2 Subordinated Notes are primarily intended to qualify as Tier 2 Capital. If due to a change in law the obligations under the Tier 2 Subordinated Notes are not, or in the future will not be, eligible for inclusion in the Tier 2 Capital, and if other conditions stipulated in the Terms and Conditions are met, the Issuer may at any time redeem the Tier 2 Subordinated Notes early.

The Issuer further may, if due to a change in law the applicable tax regime worsens for the Issuer (as specifically described in Condition 8.2 of the Terms and Conditions) and if other conditions stipulated in the Terms and Conditions are met, also at any time redeem the relevant Tier 2 Subordinated Notes early.

The classification of the debts associated with the Tier 2 Subordinated Notes for regulatory purposes for the entire duration of these debts up to their final maturity is uncertain due to the time-varying applicable banking regulations. Similarly, the tax regime applicable to the Issuer related to the Tier 2 Subordinated Notes changes. Therefore, it is impossible to foresee whether and when these events triggering the early redemption right of the Issuer occur, and if they do, whether the Issuer will exercise the right to redeem the Tier 2 Subordinated Notes early (although generally, the Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen, and the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased).

If the Issuer redeems the Tier 2 Subordinated Notes early, it may adversely affect the Noteholders with respect to their investment strategies and intentions, planning of use of available funds, because after the early redemption of the Tier 2 Subordinated Notes interest will no longer accrue on the Tier 2 Subordinated Notes or because the Noteholder will not be able to reinvest the redemption proceeds with comparable yield. Furthermore, the early redemption right of the Issuer or its exercise may also adversely affect the value of the Tier 2 Subordinated Notes, in particular if such an event can be expected, the market value of the Tier 2 Subordinated Notes would generally not significantly rise above the value for which the Tier 2 Subordinated Notes may be redeemed early.

Additionally, no holder of the Tier 2 Subordinated Notes that is put at a disadvantage by the early redemption of the Tier 2 Subordinated Notes will have the right to request compensation for any consequences of the exercise of such rights by the Issuer on its tax liability, in particular to request damages from the Issuer, the Issuing and Principal Paying Agent, or any other person. The risk of exercise of these rights by the Issuer may affect the value of the Notes or the return on investment of the holders of the Tier 2 Subordinated Notes.

Any rights of the Issuer to early redeem or repurchase the Tier 2 Subordinated Notes are subject to the prior permission of the Competent Authority

Potential investors should not invest in the Tier 2 Subordinated Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, early redeem the Tier 2 Subordinated Notes at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or regulatory reasons, if certain conditions are fulfilled. In addition, if such right is foreseen in the Terms and Conditions, the Issuer may at its sole discretion redeem the Tier 2 Subordinated Notes before their stated maturity, but not before five years after the date of their issuance, on specified call redemption dates.

However, any early redemption and any repurchase of the Tier 2 Subordinated Notes is subject to the prior permission of the Competent Authority, all if and as applicable from time to time to the Issuer. Under the CRR, the Competent Authority may only permit institutions to early redeem or repurchase instruments eligible for inclusion in the Tier 2 Capital (such as the Tier 2 Subordinated Notes) if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Competent Authority

in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Tier 2 Subordinated Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any early redemption or repurchase of the Tier 2 Subordinated Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will early redeem the Tier 2 Subordinated Notes will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the Tier 2 Subordinated Notes.

Market making by the Issuer for the Tier 2 Subordinated Notes is subject to the prior permission of the Competent Authority and certain conditions and thresholds

The Tier 2 Subordinated Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the Competent Authority, and within certain thresholds.

These conditions and thresholds restrict the Issuer's possibility for market making for the Tier 2 Subordinated Notes. Such restrictions may have a negative impact on the liquidity of the Tier 2 Subordinated Notes and may lead to inadequate or delayed market prices for the Tier 2 Subordinated Notes.

Particular risks relating to the MREL Notes

Senior Non-Preferred MREL Notes carry an enhanced risk of loss in the event of the Issuer's insolvency and in case of write-off or conversion of eligible liabilities of the Issuer

The Senior Non-Preferred MREL Notes constitute non-preferred senior obligations of the Issuer under debt instruments which meet the criteria for debt instruments pursuant to Section 374b of the Czech Insolvency Act. In the event of a decision on the Issuer's insolvency, claims from the Senior Non-Preferred MREL Notes may be satisfied only after all the other claims against the Issuer, except for claims having the same or lower position in the hierarchy of claims against the Issuer. Therefore, in the event of the Issuer's insolvency, the claims from the Senior Non-Preferred MREL Notes, including the claims for the repayment of the principal and payment of interest, would be satisfied in particular only after the full satisfaction of all unsubordinated claims against the Issuer (except those unsubordinated claims against the issuer that also meet the criteria for debt instruments pursuant to Section 374b of the Czech Insolvency Act), but before subordinated claims against the issuer (such as claims from the Tier 2 Subordinated Notes). If the Issuer does not have sufficient assets to satisfy all the claims that are to be satisfied before the claims from Senior Non-Preferred MREL Notes, the claims from the Senior Non-Preferred MREL Notes will not be satisfied, therefore investors in these Notes will lose the entire amount of their investment. If the Issuer does not have sufficient assets to satisfy all the debts that are to be satisfied in the same ranking as claims from Senior Non-Preferred MREL Notes, these claims will be satisfied proportionately and only partially, therefore the investors will lose part of their investment. Although there may be a right to a higher interest associated with the Senior Non-Preferred MREL Notes than in relation to other notes that have a higher ranking in the event of insolvency proceedings, in the event the Issuer is declared insolvent, the holders of the Senior Non-Preferred MREL Notes face (among others compared to depositors, holders of the Ordinary Senior Notes and Senior MREL Notes, and all other unsubordinated creditors that hold claims that do not meet the criteria for debt instruments pursuant to Section 374b of the Czech Insolvency Act) an enhanced risk that their claims will not be satisfied, therefore also an enhanced risk of loss of a part or all of their investment.

In the event of exercise of a power to write-down or convert under the Czech Resolution and Recovery Act, the claims against the Issuer would be written down or converted in inverse ranking to the ranking in which the claims in the Issuer's insolvency proceedings would be satisfied. Therefore the holders of the Senior Non-Preferred MREL Notes face (among others compared to depositors, holders of the Ordinary Senior Notes and all other unsubordinated creditors that hold claims that do not meet the criteria for debt instruments pursuant to Section 374b of the Czech Insolvency Act, or) an enhanced risk that if the Issuer is failing or likely to fail, their claims will be written down or converted, and consequently that the holders will lose a part or all of their investment.

Noteholders of the MREL Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities

There are no restrictions (contractual or otherwise) on the amount of ordinary unsecured (preferred or non-preferred), subordinated debt or other liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking *pari passu* with, or senior to, the MREL Notes.

Any issue of such instruments and/or any incurrence of such liabilities may reduce the amount (including to zero) recoverable by Noteholders of the MREL Notes upon the Issuer's insolvency.

In the event any resolution or crisis prevention measures pursuant to the Czech Resolution and Recovery Act are exercised against the Issuer, namely upon a write-off and conversion of liabilities or the write-off and conversion of capital instruments that may be written-off, all lower-ranking claims against the Issuer will have to be written-off or converted before the write-off and conversion of the higher-ranking claims. As a result, the issuance of debts ranking higher than the MREL Notes may unexpectedly increase the losses of holders of the MREL Notes if such measures are exercised. In the same way, issuance of *pari passu* debts to the MREL Notes may increase the losses of the holders of the MREL Notes proportionally as well.

Given the status of the Senior Non-Preferred MREL Notes, the risk is significantly higher than in the case of the Senior MREL Notes or other unsubordinated debt that does not constitute non-preferred senior instruments according to Section 374b of the Czech Insolvency Act.

The MREL Notes may be redeemed at any time for reasons of taxation or regulatory reasons

The Issuer may, at its sole discretion, early redeem the MREL Notes before their stated maturity, at any time (if such right is foreseen in the Final Terms) for reasons of taxation or (if such right is foreseen in the Final Terms) for regulatory reasons, if certain conditions, including a prior permission of the resolution authority, are fulfilled.

The MREL Notes are intended to qualify as eligible for inclusion in MREL. If due to a change in law the obligations for the repayment of the principal of the MREL Notes are not, or in the future will not be, eligible for inclusion in MREL, and if other conditions stipulated in the Terms and Conditions are met, the Issuer may at any time redeem the MREL Notes early.

The Issuer further may, if due to a change in law the applicable tax regime worsens for the Issuer (as specifically described in Condition 8 (*Redemption and Purchase*)) and if other conditions stipulated in the Terms and Conditions are met, also at any time redeem the relevant MREL Notes early.

The classification of the debts associated with the MREL Notes as eligible for inclusion in MREL for the entire duration of these debts up to their final maturity is uncertain due to the time-varying applicable banking regulations. Similarly, the tax regime applicable to the Issuer related to the Notes changes over time. Therefore, it is impossible to foresee whether and when these events triggering the early redemption right of the Issuer occur, and if they do, whether the Issuer will exercise the right to redeem the MREL Notes early (although generally, the Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen, and the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased).

If the Issuer redeems the relevant MREL Notes early, it may adversely affect the Noteholders with respect to their investment strategies and intentions, planning of use of available funds, because after the early redemption of the MREL Notes interest will no longer accrue on the MREL Notes or because the Noteholder will not be able to reinvest the redemption proceeds with comparable yield. Furthermore, the early redemption right of the Issuer or its exercise may also adversely affect the value of the MREL Notes, in particular if such an event can be expected, the market value of the MREL Notes would generally not significantly rise above the value for which the MREL Notes may be redeemed early.

Additionally, no holder of the MREL Notes that is put at a disadvantage by the early redemption of the MREL Notes will have the right to request compensation for any consequences of the exercise of such rights by the Issuer on its tax liability, in particular to request damages from the Issuer, the Issuing and Principal Paying Agent, or any other person. The risk of exercise of these rights by the Issuer may affect the value of the MREL Notes or the return on investment of the holders of the MREL Notes.

Any rights of the Issuer to early redeem or repurchase the MREL Notes are subject to the prior permission of the resolution authority

Potential investors should not invest in the MREL Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, early redeem the MREL Notes at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or for regulatory reasons, if certain conditions are fulfilled. In addition, if such right is foreseen in the Final Terms, the Issuer may at its sole discretion redeem the relevant MREL Notes before their stated maturity on a specified call redemption date.

However, any early redemption and any repurchase of the MREL Notes is subject to the prior permission of the resolution authority, all if and as applicable from time to time to the Issuer. Under the CRR and the Czech Resolution and Recovery Act, the resolution authority may only permit institutions to early redeem or repurchase instruments eligible for inclusion in MREL (such as the MREL Notes) if certain conditions prescribed by the CRR and the Czech Resolution and Recovery Act are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the resolution authority in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the resolution authority will apply these criteria in practice and such rules and standards may change during the maturity of the MREL Notes. It is therefore difficult to predict whether, and if so, on what terms, the resolution authority will grant its prior permission for any early redemption or repurchase of the relevant MREL Notes.

Furthermore, even if the Issuer would be granted the prior permission of the resolution authority, any decision by the Issuer as to whether it will early redeem the relevant MREL Notes will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the relevant MREL Notes.

The MREL Notes are a recent type of notes that has only a limited and short trading history

The MREL Notes, and especially the Senior Non-Preferred MREL Notes are a new type of notes, explicitly foreseen by legislation only lately in Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017. Trading of the MREL Notes has only a limited and short history, which is especially minimal in case of issuers from the Czech Republic. Market participants, including credit rating agencies, have limited experience in assessing the risks associated with the type of claims, which are associated with the MREL Notes. Therefore, the possible rating of these Notes may change with a change of approach of credit rating agencies to this type of Notes, and their value may vary significantly according to increasing amounts of experience with this type of Notes. It cannot be ruled out that the value of the MREL Notes compared to the value expected at their issue will be lower over time for the above reasons, and thus that the holders of these Notes will suffer losses on their investments.

Market making by the Issuer for the MREL Notes is subject to the prior permission of the resolution authority and certain conditions and thresholds.

The MREL Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the resolution authority, and within certain thresholds.

These conditions and thresholds restrict the Issuer's possibility for market making for the MREL Notes. Such restrictions may have a negative impact on the liquidity of the MREL Notes and may lead to inadequate or delayed market prices for the MREL Notes.

Risks relating to the specific Terms and Conditions of Notes

Fixed Rate Notes

A Noteholder with a fixed rate of interest (the **Fixed Rate Notes**) is exposed to the risk that the price of such Note fluctuates as a result of changes in the current market interest rate on the capital market for issues of the same maturity (the **Market Interest Rate**). While the nominal interest rate of a Fixed Rate Note as specified in

the applicable Final Terms is fixed during the life of such Note, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a Fixed Rate Note also changes, but in the opposite direction. If the Market Interest Rate increases, the price of a Fixed Rate Note typically falls, until the yield of such Note is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a Fixed Rate Note typically increases, until the yield of such Note is approximately equal to the Market Interest Rate. If Noteholders of Fixed Rate Notes hold such Notes until maturity, changes in the Market Interest Rate are without relevance to such Noteholders as the Notes will be redeemed at a specified redemption amount, usually the principal amount of such Notes.

Fixed to Floating Rate Notes

Fixed to Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate. Such conversion may affect the secondary market and the market value of the Notes. The spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes.

Floating to Fixed Rate Notes

Floating to Fixed Rate Notes bear interest at a rate that converts from a floating rate to a fixed rate. Such conversion may affect the secondary market and the market value of the Notes. A Noteholder of Floating to Fixed Rate Notes is exposed to the risk that the fixed interest rate may be lower than the then prevailing interest rates payable on the Notes.

Zero Coupon Notes

Zero Coupon Notes do not pay interest periodically. Instead, the difference between the redemption price and the issue price constitutes interest income until maturity. A holder of Zero Coupon Notes is exposed to the risk that the price of such Notes fluctuates as a result of changes in the Market Interest Rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Notes with a similar maturity.

In addition, there is no gross-up obligation of the Issuer on payments in respect of Zero Coupon Notes, as stipulated in Condition 9.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed to Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders.

Risks associated with the reform of EURIBOR and other interest rate 'benchmarks'

The Euro Interbank Offered Rate (**EURIBOR**) and other interest rates or other types of rates and indices which are deemed 'benchmarks' (each a **Benchmark** and together, the **Benchmarks**) have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a Benchmark.

International proposals for reform of Benchmarks include the European Council's regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (as amended, the **Benchmarks Regulation**).

The Benchmarks Regulation could have a material impact on Notes linked to a Benchmark, including in any of the following circumstances:

- (a) a rate which is a Benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 of the Benchmarks Regulation), the administrator is recognised (Article 32 of the Benchmarks Regulation) or the Benchmark is endorsed (Article 33 of the Benchmarks Regulation) (subject to applicable transitional provisions). If this is not the case, Notes linked to such Benchmarks could be impacted; and
- (b) the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could impact the Notes, including Calculation Agent determination of the rate.

In addition to the aforementioned Benchmarks Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

If a Benchmark were to be discontinued or otherwise unavailable, the rate of interest for Floating Rate Notes which are linked to such Benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes, which in the end could lead, inter alia, to a previously available rate of the Benchmark being applied until maturity of the Floating Rate Notes, effectively turning the floating rate of interest into a fixed rate of interest, or, to determination of the applicable interest rate on the basis of another benchmark determined by the Issuer in its discretion or to an early termination of the relevant Notes at the option of the Issuer.

Any changes to a Benchmark as a result of the Benchmarks Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Although it is uncertain whether or to what extent any of the above-mentioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of any Notes linked to the relevant Benchmark, investors should be aware that any changes to a relevant Benchmark may have a material adverse effect on the value or liquidity of, and the amounts payable on, Floating Rate Notes whose rate of interest is linked to such Benchmark.

Under the terms of the Benchmarks Regulation, the European Commission has also been granted powers to designate a replacement for certain critical benchmarks contained in contracts governed by the laws of an EU Member State, where that contract does not already contain a suitable fallback. It is currently unclear whether the fallback provisions of the Notes would be considered suitable, and there is therefore a risk that if the consent to solicitation is not successful the Notes would be required to transition to a replacement benchmark rate selected by the European Commission. There is no certainty at this stage what any such replacement benchmark would be.

Risks associated with new reference rates such as SONIA, SOFR and €STR.

Interest rates of floating rate Notes may be linked, among other things, to SONIA, SOFR and €STR (all together, the **Alternative Reference Rates**).

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable, the rate of interest payable shall be determined on the date the Notes

became due and payable. Investors should consider these matters when making their investment decision with respect to any such Notes.

On 22 June 2017, the Alternative Reference Rates Committee (the **ARRC**) convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York identified SOFR as the rate that represented best practice for use in certain new U.S. dollar derivatives and other financial contracts. The Federal Reserve Bank of New York notes that use of SOFR is subject to important limitations and disclaimers. SOFR is published based on data received from other sources. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the respective Notes. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the Notes and the trading prices of the Notes. SOFR has been published by the Federal Reserve Bank of New York since April 2018. Investors should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR. Also, since SOFR is a relatively new market index, the Notes will likely have no established trading market when issued. Trading prices of the Notes may be lower than those of later-issued indexed debt securities as a result. Similarly, if SOFR does not prove to be widely used in securities like the Notes, the trading price of the Notes may be lower than those of debt securities linked to indices that are more widely used. Investors in the Notes may not be able to sell the Notes at all or may not be able to sell the Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to any such Notes.

Similar to the approaches in the United States and the United Kingdom, the Governing Council of the European Central Bank (the **ECB**) has decided to develop a euro short-term rate (**€STR**) based on data already available to the eurosystem. €STR reflects the wholesale euro unsecured overnight borrowing costs of euro area banks, complements existing benchmark rates provided by the private sector and is published on each TARGET2 banking day since 2 October 2019. Given that it cannot be excluded that further changes will be implemented and, in particular, that there is no historical data or trends that investors could rely on and that the transition from existing reference rates to €STR could result in further uncertainties and limitations. Investors in the Notes should consider all these factors when making their investment decision with respect to any such Notes.

Since Alternative Reference Rates are a relatively new market index, the Notes may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to such Alternative Reference Rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such debt securities may be lower than those of later issued indexed debt securities as a result. Further, if these Alternative Reference Rates do not prove to be widely used in securities like the Notes, the trading price of the Notes may be lower than those of debt securities linked to indices that are more widely used. Investors in Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that these Alternative Reference Rates will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Notes. If the manner in which the respective Alternative Reference Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on the Notes and the trading prices of the Notes.

Risk of early redemption

The applicable Final Terms will indicate whether the Issuer will have the right to call a certain series of Notes prior to maturity (optional call right) on one or several dates determined beforehand, whether the Issuer does not have the right to call such Notes at all or whether such Notes will be subject to early redemption upon the occurrence of an event indicated in the applicable Final Terms (early redemption event).

If the Issuer redeems Notes prior to their maturity or Notes are subject to early redemption due to an early redemption event, a holder of such Notes is exposed to the risk that due to such early redemption its investment will have a lower than expected yield. The Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen which means that the investor may only be able to reinvest the redemption proceeds in comparable Notes with a lower yield. On the other hand, the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased. In this event an investor will not be able to reinvest the redemption proceeds in comparable Notes with a higher yield. It should be noted, however, that the Issuer may exercise any optional call right irrespective of Market Interest Rates on a call date.

Noteholders may be subject to the risk that interest/redemption proceeds earned/received from an investment in the Notes may not in the event of early redemption of any Notes be able to be reinvested in such a way that they earn the same rate of return as the redeemed Notes.

For further specific risk aspects in connection with an early redemption of Tier 2 Subordinated Notes and other MREL Notes see also *Particular risks relating to the Tier 2 Subordinated Notes* and *Particular risks relating to the MREL Notes* above.

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The Terms and Conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

Risks associated with the withholding taxation regime in the Czech Republic

The Czech tax treatment of the Notes has been significantly affected by the 2021 ITA Amendment and the 2022 Banking Act Amendment (all capitalised terms used in this risk factor are defined in section *Taxation* where more information on the taxation regime in the Czech Republic can be obtained and in section *Terms and Conditions of the Notes*).

Such Czech tax changes may result in a potential Withholding Tax of up to 35% in respect of interest payments on the Notes even to the Beneficial Owners who would otherwise be entitled to a Tax Relief unless certain administrative and technical steps, including certifications by the holders, are complied with (for more details about these steps please refer to the Certification Procedures under *Risks associated with the evidencing of Beneficial Owner's entitlement to Tax Relief*). Furthermore, where the Notes are issued at a price lower than their principal amount (i.e. below par), a failure to comply with these steps could trigger a withholding of Tax Security of 1% from any payment of principal on such Notes.

The Terms and Conditions may stipulate that no gross-up on any payment in respect of the Notes will be provided by the Issuer, in which case no gross-up obligation will apply in respect of any payments in respect of the Notes.

Furthermore, even if Condition 9 stipulates that a gross-up obligation of the Issuer applies, the gross-up obligation may apply only to payments of interest (and not principal) and there are certain carve outs under which, for example, no gross-up applies to payments in respect of the Notes the Beneficial Owner of which is a Czech Tax Resident individual. There may be certain other carve outs from the gross-up obligation, mainly to payments in respect of Notes the Beneficial Owner of which is a Person Related Through Capital with the Issuer. These carve outs from the gross up obligation will apply even if the Beneficial Ownership Information has been duly provided.

In addition, no gross-up obligation of the Issuer will ever apply to payments in respect of Zero Coupon Notes.

Holders should consult their own tax advisers regarding the tax implications of their potential purchase, holding, or sale of the Notes. Given that the new taxation regime is applicable in the Czech Republic only from 1 January 2022, it is not yet possible to determine the exact implications that the new regime may have for holders of the Notes. Further, the new tax regime of the Notes is currently associated with many ambiguities and may be subject to further changes.

For additional information on the Czech taxation regime, please see section *Taxation*.

Risks associated with the evidencing of Beneficial Owner's entitlement to Tax Relief

Under Czech tax law, the Issuer is liable for (i) any Withholding Tax (all capitalised terms used in this risk factor are defined in the sections *Terms and Conditions of the Notes* and *Taxation*) and Tax Security (as the case may be) which are required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest and principal in respect of the Notes as well as (ii) the

granting of any Tax Relief. The Issuer bears the related burden of proof, which necessitates, before any Tax Relief can be granted, collection of the Beneficial Ownership Information.

Accordingly, for so long as this requirement is stipulated by Czech tax law, unless the Issuer receives, in accordance with the Certification Procedures, the Beneficial Ownership Information in relation to a payment of principal and interest in respect of a Note (whether this is because the relevant Beneficial Owner fails to provide such information or because the Certification Procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents), the Issuer will withhold (i) Withholding Tax of up to 35% from any payment of interest on such Note and (ii) if such Note was issued at a price lower than its principal amount (i.e. below par) 1% Tax Security from any payment of principal on such Note unless the Issuer has the necessary information (by virtue of other means) enabling the Issuer not to apply the Withholding Tax (or to apply it at a lower rate) or not to apply the Tax Security (as the case may be) and the Issuer will not gross up payments in respect of any such withholding.

As a result, the Beneficial Owner will be required to provide, in order to be entitled to any Tax Relief, the Beneficial Ownership Information. If the Beneficial Owner fails to provide the Beneficial Ownership Information or it is incorrect, incomplete or inaccurate, payments of interest to such Beneficial Owner will be subject to Withholding Tax of up to 35% and if the Note was issued at a price lower than its principal amount (i.e. below par), the Tax Security of 1% from any payment of principal on such Note will also apply. However, if the Beneficial Owner is otherwise entitled to any Tax Relief, it may then make use of the Quick Refund Procedure to recover any such tax withheld.

Should the Beneficial Owner, who would otherwise be entitled to any Tax Relief, fail for any reason to make use of the Quick Refund Procedure, the Beneficial Owner may make use – with respect to Withholding Tax only – of the Standard Refund Procedure. There is a risk, however, that such Beneficial Owner may not, in spite of duly providing the Beneficial Ownership Information obtain a refund of any amounts withheld, as under the Standard Refund Procedure, it is conditional on the ability of the Issuer firstly to be successful in obtaining a corresponding refund of the amounts originally withheld and paid to the Czech tax authorities. The use of the Standard Refund Procedure is also subject to a fee in respect of the Issuer's administrative costs in following this procedure.

The Certification Procedures have only been subject to limited testing in practice and, as such, there is a risk that the procedures may be burdensome on the Beneficial Owners or result in additional costs being incurred by the Beneficial Owners. Further, the Issuer accepts no responsibility and will not be liable for any damage or loss suffered by any Beneficial Owner who would otherwise be entitled to a Tax Relief, but payments on the Notes to that Beneficial Owner are nonetheless paid net of any Withholding Tax or Tax Security (as the case may be) withheld by the Issuer either because the Certification Procedures have proven ineffective or because the Certification Procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents.

Where the Beneficial Owner does not hold Notes directly in an account in the books of Euroclear and/or Clearstream, Luxembourg, it may not be able to benefit from the Certification Procedures if the intermediary through which it holds the Notes in Euroclear and/or Clearstream, Luxembourg has not implemented the Certification Procedures.

In addition, in accordance with the terms and conditions between Euroclear and/or Clearstream, Luxembourg and its participants, Euroclear and/or Clearstream, Luxembourg are not obliged to provide tax assistance and may unilaterally decide to discontinue the provision of tax services, for which no liability for any consequences of such discontinuation is accepted. Consequently, there is a risk that the Certification Procedures may be discontinued at any time.

See section *Taxation* for a more comprehensive description of certain tax considerations relating to the Notes and the formalities which Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld, where applicable.

Risks relating to the nature of the Notes

Liquidity risk

Application for the Programme has been made in order for any Notes to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange, to be traded on the Regulated Market of the Luxembourg Stock Exchange and application may be made to admit the Notes on any other stock exchange. In addition, the Programme provides that Notes may not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance that any liquid secondary market for the Notes will develop and the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes regardless of the Issuer's financial performance and prospects.

The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Investors should note that difficult global credit market conditions may adversely affect the liquidity not only in the primary market but also in the secondary market for debt securities issued by the Issuer and may affect the liquidity of any primary or secondary market in which Notes to be issued by the Issuer may be traded. The Issuer cannot predict when these circumstances will change.

Market price risk

The development of market prices of the Notes depends on various factors, such as changes of levels of the Market Interest Rate, development of an underlying, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The Noteholder is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if it sells the Notes prior to the final maturity of such Notes. If the Noteholder decides to hold the Notes until final maturity the Notes shall be redeemed at the amount set out in the relevant Final Terms.

Noteholders of Fixed Rate Notes are particularly exposed to the risk that the price of such Notes fluctuates as a result of changes in the Market Interest Rate levels. See "*Risks relating to the specific Terms and Conditions of Notes—Fixed Rate Notes*" for further details.

Noteholders of Floating Rate Notes are particularly exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of Floating Rate Notes in advance. Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any Notes.

Noteholders of Zero Coupon Notes are exposed to the risk that the price of the Notes falls as a result of changes in the Market Interest Rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Notes with a similar credit risk and a similar maturity.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the

Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Other risks related to the Notes

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Any suspension, reduction or withdrawal of the credit rating assigned to the Notes could adversely affect the value and trading of such Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

The Notes are not covered by any (statutory or voluntary) deposit guarantee scheme

Claims of the Noteholders under the Notes are not covered by the statutory deposit protection (*pojištění pohledávek z vkladů*). Such Noteholders' claims may only be satisfied in the ranking described in the Terms and Conditions. Therefore, in such case and upon the insolvency of the Issuer, Noteholders could be subject to the risk of a significant loss of their investment in the Notes.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the consolidated audited annual financial statements of the Issuer (in respect of the Group) as at and for the financial year ended 31 December 2022 and the auditor's report including the information set out at the following pages³:

Consolidated Statement of Financial Position	74
Consolidated Statement of Comprehensive Income	75-76
Consolidated Statement of Changes in Equity	78-81
Consolidated Statement of Cash Flows	82-83
Notes to the consolidated financial statements	84-181
Auditor's Report.....	64-72

available at: https://assets-eu-01.kc-usercontent.com/23883f12-8a12-01af-3f05-426faedce691/a641800c-4c70-4e00-ae18-4ee47bada5b7/VZ%20JTBanka_2022_ENG_fin.pdf

- (b) the consolidated audited annual financial statements of the Issuer (in respect of the Group) as at and for the financial year ended 31 December 2021 and the auditor's report including the information set out at the following pages⁴:

Consolidated Statement of Financial Position	62
Consolidated Statement of Comprehensive Income	63-64
Consolidated Statement of Changes in Equity	66-69
Consolidated Statement of Cash Flows	70-71
Notes to the consolidated financial statements	72-163
Auditor's Report.....	164-168

available at: https://assets-eu-01.kc-usercontent.com/23883f12-8a12-01af-3f05-426faedce691/62dc7727-b401-4498-ae0e-866f0f9334f1/JTBANKA_Annual_Report_2021_PDF.pdf

Any non-incorporated parts of a document referred to herein are either deemed irrelevant for an investor or are otherwise covered elsewhere in this Base Prospectus. All documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in Luxembourg.

³ Please note that not all pages of the document incorporated by reference are paginated and as such the relevant pages refer to the pages of the relevant PDF file thereof.

⁴ Please note that not all pages of the document incorporated by reference are paginated and as such the relevant pages refer to the pages of the relevant PDF file thereof.

SUPPLEMENTS TO THE BASE PROSPECTUS

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. Any such supplement to this Base Prospectus will be approved by the CSSF.

FORM OF THE NOTES

The Notes of each Series will be in registered form, without interest coupons attached. The Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act (**Regulation S**).

The Notes of each Tranche will initially be represented by a global note in registered form (a **Global Note**). Global Notes will be deposited with a common depository or, if the Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.2 (*Payments - Payments in respect of Notes*)) as the registered holder of the Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.2 (*Payments - Payments in respect of Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Notes*), the Issuing and Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code

and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 19 May 2023 and executed by the Issuer.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by J&T BANKA, a.s., a joint-stock company incorporated under the laws of the Czech Republic, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Praha 8, Czech Republic, ID No.: 471 15 378, LEI: 31570010000000043842, registered in the Commercial Register maintained by the Municipal Court in Prague under file no. B 1731 (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes (whether or not issued in exchange for a Global Note).

The Notes (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 19 May 2023 and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the **Issuing and Principal Paying Agent**, which expression shall include any successor issuing and principal paying agent) and (unless otherwise specified in the applicable Final Terms) as calculation agent (the **Calculation Agent**), and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon, Dublin Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and as a transfer agent (together with the other transfer agents named therein, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Issuing and Principal Paying Agent, the Calculation Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders are entitled to and the Notes are constituted by, are subject to, and have the benefit of a deed of covenant of the Issuer dated 19 May 2023 (as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**). The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection upon request during normal business hours at the specified office of each of the Paying Agents or (ii) may be provided by email to a

Noteholder following their prior written request to any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may also be an Ordinary Senior Note, a Senior Non-Preferred Note or a Tier 2 Subordinated Note, as indicated in the applicable Final Terms.

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF NOTES

2.1 Transfers of interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Notes in definitive form

Subject as provided in paragraph 2.3 (*Registration of transfer upon partial redemption*), upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES

The applicable Final Terms will indicate whether the Notes are Ordinary Senior Notes (the **Ordinary Senior Notes**), Senior MREL Notes (the **Senior MREL Notes** and together with the Ordinary Senior Notes, the **Senior Notes**), Senior Non-Preferred MREL Notes (the **Senior Non-Preferred MREL Notes**) or Tier 2 Subordinated Notes (the **Tier 2 Subordinated Notes**).

3.1 Status of the Senior Notes

This Condition 3.1 is applicable in relation to Notes specified in the applicable Final Terms as being Ordinary Senior Notes or Senior MREL Notes, and references to “Notes” in this Condition 3.1 shall be construed accordingly. In such case, the Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer. If the Notes are specified in the applicable Final Terms as being Senior MREL Notes, they are intended to qualify as MREL Eligible Liabilities. In the event of any declaration of insolvency (in Czech, *vydání rozhodnutí o úpadku*) of the Issuer, any claims under the Notes (including claims in respect of the principal amount of and interest on the Notes) will rank, subject to any statutory exceptions (in particular those arising under the Czech Insolvency Act):

- (a) *pari passu* without any preference: (i) among themselves; and (ii) with all other present or future claims in respect of unsecured and unsubordinated instruments or obligations of the Issuer (other than claims in respect of non-preferred senior instruments of the Issuer pursuant to Section 374b of the Czech Insolvency Act and other unsecured and unsubordinated instruments or obligations of the Issuer which according to their terms are expressed to rank junior to the Notes); and
- (b) senior to all present or future claims in respect of: (i) non-preferred senior instruments of the Issuer pursuant to Section 374b of the Czech Insolvency Act; (ii) all other unsecured and unsubordinated instruments or obligations of the Issuer which according to their terms are expressed to rank junior to the Notes; (iii) Tier 2 Instruments; (iv) Additional Tier 1 Instruments; (v) all other subordinated instruments or obligations of the Issuer pursuant to Section 172(2) of the Czech Insolvency Act or which according to their terms are expressed to rank junior to the Notes; and (vi) CET 1 Instruments.

For the avoidance of doubt, claims under the Notes will be satisfied in the ranking described in this Condition 3.1 regardless of whether the Notes qualify as MREL Eligible Liabilities.

The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of claims under or in respect of the Notes.

3.2 Status of the Senior Non-Preferred MREL Notes

This Condition 3.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred MREL Notes and references to “Notes” in this Condition 3.2 shall be construed accordingly. In such case, the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and they constitute and shall be satisfied as non-preferred senior obligations of the Issuer pursuant to Section 374b(1) of the Czech Insolvency Act. The Senior Non-Preferred MREL Notes are intended to qualify as MREL Eligible Liabilities. In the event of any declaration of insolvency (in Czech, *vydání rozhodnutí o úpadku*) of the Issuer, any claims under the Notes (including claims in respect of the principal amount of and interest on the Notes) will rank, subject to any statutory exceptions (in particular those arising under the Czech Insolvency Act):

- (a) junior to all other present or future claims in respect of unsecured and unsubordinated instruments or obligations of the Issuer which do not constitute non-preferred senior claims against the Issuer pursuant to Section 374b of the Czech Insolvency Act;
- (b) *pari passu* without any preference: (i) among themselves; and (ii) with all other present or future claims in respect of non-preferred senior instruments or obligations of the Issuer which constitute non-preferred senior claims against the Issuer pursuant to Section 374b of the Czech Insolvency Act (other than senior instruments or obligations of the Issuer which according to their terms are expressed to rank junior to the Notes); and
- (c) senior to all present or future claims in respect of: (i) other unsecured and unsubordinated instruments or obligations of the Issuer which according to their terms are expressed to rank junior to the Notes; (ii) Tier 2 Instruments; (iii) Additional Tier 1 Instruments; (iv) all other subordinated instruments or obligations of the Issuer pursuant to Section 172(2) of the Czech

Insolvency Act or which according to their terms are expressed to rank junior to the Notes; and
(v) CET 1 Instruments.

For the avoidance of doubt, claims under the Notes will be satisfied in the ranking described in this Condition 3.2 regardless of whether the Notes qualify as MREL Eligible Liabilities.

The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of claims under or in respect of the Notes.

3.3 Status of the Tier 2 Subordinated Notes

This Condition 3.3 is applicable in relation to Notes specified in the applicable Final Terms as being Tier 2 Subordinated Notes and references to “Notes” in this Condition 3.3 shall be construed accordingly. In such case, the Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and they constitute and shall be satisfied as relevant subordinated capital instruments or obligations of the Issuer pursuant to Section 374c of the Czech Insolvency Act. The Tier 2 Subordinated Notes are intended to qualify as Tier 2 Instruments. In the event of any declaration of insolvency (in Czech, *vydání rozhodnutí o úpadku*) of the Issuer or liquidation of the Issuer, any claims under the Notes (including claims in respect of the principal amount of and interest on the Notes) will rank, subject to any statutory exceptions (in particular those arising under the Czech Insolvency Act):

- (a) junior to all present or future (i) claims in respect of unsecured and unsubordinated instruments or obligations of the Issuer, including claims in respect of non-preferred senior instruments of the Issuer pursuant to Section 374b of the Czech Insolvency Act; and (ii) subordinated instruments or obligations of the Issuer pursuant to Section 172(2) of the Czech Insolvency Act (other than relevant capital instruments of the Issuer pursuant to Section 374c of the Czech Insolvency Act, including claims in respect of Tier 2 Instruments and Additional Tier 1 Instruments);
- (b) *pari passu* without any preference: (i) among themselves; and (ii) with all other present or future claims in respect of Tier 2 Instruments (other than claims in respect of Tier 2 Instruments which according to their terms are expressed to rank junior to the Tier 2 Subordinated Notes); and
- (c) senior to all present or future claims in respect of: (i) all other Tier 2 Instruments which according to their terms are expressed to rank junior to the Tier 2 Subordinated Notes; (ii) Additional Tier 1 Instruments; and (iii) CET 1 Instruments.

For the avoidance of doubt, claims under the Tier 2 Subordinated Notes will be satisfied in the ranking described in this Condition 3.3 regardless of whether the Tier 2 Subordinated Notes qualify as MREL Eligible Liabilities and/or Tier 2 Instruments.

The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of claims under or in respect of the Notes.

3.4 Mutual ranking of the Notes in insolvency

In the event of declaration of insolvency of the Issuer, the claims under the Notes that may be issued under this Programme from time to time will be satisfied, according to their status specified in the applicable Final Terms, in the following mutual ranking (in descending order from obligations satisfied preferentially):

- (a) claims under Senior Notes;
- (b) claims under Senior Non-Preferred MREL Notes; and
- (c) claims under Tier 2 Subordinated Notes.

If any statutory resolution measures consisting in a write-down or conversion of the Notes are exercised, the claims associated with the relevant Notes will in accordance with the Applicable Banking Regulations be written-down or converted in inverse ranking to the ranking in which these claims will be satisfied in the event of the Issuer's insolvency.

3.5 MREL Eligible Liabilities

- (a) To the extent allowed by the Applicable Banking Regulations, the Senior MREL Notes and Senior Non-Preferred MREL Notes will be issued by the Issuer to satisfy requirements for MREL Eligible Liabilities.
- (b) The rights of holders of the Senior MREL Notes and Senior Non-Preferred MREL Notes shall be subject to any present or future Czech laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Czech Republic which are or will be applicable to such Notes as a result of the operation of such laws or regulations, including, without limitation, any laws, regulations, rules or requirements in effect in the Czech Republic, relating to (i) the transposition of the BRRD into Czech law or the laws of any other relevant Member State, including (but not limited to) the write-down and/or conversion powers under Section 120 et seq. of the Czech Recovery and Resolution Act and (ii) the instruments, rules and standards created under the BRRD pursuant to which certain obligations of the Issuer (or certain affiliates of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period). In particular, in the event of the resolution of the Issuer, the Relevant Resolution Authority may write-down or convert any MREL Notes ahead of Notes which do not constitute MREL Notes.

3.6 Definitions

In these Conditions:

Additional Tier 1 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 of the CRR, including any capital (or other) instruments that qualify as Additional Tier 1 items pursuant to transitional provisions under the CRR.

Applicable Banking Regulations means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy, solvency or resolution then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, the CRD, the CRR, BRRD, the Creditor Hierarchy Directive, the Czech Recovery and Resolution Act, the Czech Insolvency Act and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, solvency and/or resolution adopted by the Competent Authority and/or the Relevant Resolution Authority from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

CET 1 Instruments means any ordinary shares and other Common Equity Tier 1 instruments pursuant to Article 28 of the CRR of the Issuer.

Czech Insolvency Act means Czech Act No. 182/2006 Coll., on Insolvency and Method of its Resolution (*Insolvency Act*), as amended from time to time and any references in these Conditions to relevant provisions of the Czech Insolvency Act include references to any applicable provisions of law amending or replacing such provisions from time to time.

Czech Recovery and Resolution Act means Czech Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market, as amended from time to time and any references in these Conditions to relevant provisions of the Czech Recovery and Resolution Act include references to any applicable provisions of law amending or replacing such provisions from time to time.

BRRD means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended, supplemented or

replaced from time to time, including as amended by Directive 2019/879/EU of the European Parliament and of the European Council of 20 May 2019 and including any other relevant implementing regulatory provisions;

Competent Authority means the Czech National Bank (*Česká národní banka*) or any successor or replacement thereto having primary responsibility for the prudential oversight and supervision of the Issuer;

CRD means any of, or any combination of, the CRD Directive, the CRR, and any CRD Implementing Measures;

CRD Directive means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, including, without limitation, as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

CRD Implementing Measures means any rules implementing the CRD Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority or any other relevant authority, which are applicable to the Issuer (on a stand-alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand-alone basis) or the Group (on a consolidated basis);

Creditor Hierarchy Directive means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation that supersedes or replaces it;

CRR means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as the same may be amended or replaced from time to time, and any references in these Conditions to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time;

Group means the Issuer and its consolidated subsidiaries;

MREL Eligible Liabilities means, at any time, the liabilities of the Issuer that qualify as eligible liabilities pursuant to Article 72b of the CRR or Section 128 et seq. of the Czech Recovery and Resolution Act, as the case may be, which are included in the amount to be complied with for the purposes of fulfilling the minimum requirements for own funds and eligible liabilities or loss-absorbing capacity of the Issuer or the Group pursuant to the Czech Recovery and Resolution Act or other Applicable Banking Regulations, including any debt instruments that qualify as eligible liabilities items pursuant to transitional provisions under the CRR or the Czech Recovery and Resolution Act, as the case may be.

MREL Notes means the Senior MREL Notes and Senior Non-Preferred MREL Notes which constitute the Issuer's MREL Eligible Liabilities;

Relevant Resolution Authority means the Czech National Bank (*Česká národní banka*) or any successor to or replacement for the Czech National Bank and/or any other authority with the ability to exercise any Bail-in and Loss Absorption Powers (as defined in Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*)) in relation to the Issuer and/or the Group;

Tier 2 Instruments means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital (or other) instruments that qualify as Tier 2 items pursuant to transitional provisions under the CRR.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

This Condition 4 is applicable only in relation to Ordinary Senior Notes. So long as any Ordinary Senior Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith.

4.2 Definitions

In these Conditions:

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Relevant Indebtedness means: (A) any present or future indebtedness of the Issuer for borrowed money which is in the form of, represented or evidenced by a note, bond, debenture or other security or a similar instrument, which is, or is capable of, being quoted, listed, dealt in or traded on a stock exchange, over-the-counter or other securities market; or (B) any present or future guarantee or indemnity provided by the Issuer in respect of any of the foregoing; and

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, other than in respect of any covered bonds or similar instruments issued or to be issued by the Issuer.

5. WAIVER OF SET-OFF

In the case of any Senior MREL Notes, Senior Non-Preferred MREL Notes and Tier 2 Subordinated Notes, no Noteholder may, at any time, exercise or claim any Waived Set-Off Rights against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such holder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind or any non-contractual obligation whether or not relating to such Note) and each holder of any such Note shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Note by virtue of any such set-off or counterclaim, it shall, subject to applicable law, immediately pay an amount equal to such sum or benefit to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer and, until such time as payment is made, shall hold the same on trust for the Issuer (or, as the case may be, the liquidator) and, accordingly, any such discharge of the amount due shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition 5 is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

For the purposes of this Condition 5, **Waived Set-Off Rights** means any and all rights or claims of any holder of a Note against the Issuer for deduction, set-off, netting, compensation or counterclaim arising directly or indirectly under or in connection with any Note.

6. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes or Floating Rate Notes or Zero Coupon Notes.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Notes, and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rates Notes which are Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 6.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with this Condition 6.2 (*Interest – Interest on Floating Rate Notes – Interest Payment Dates – (ii)*) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) (the **TARGET2 System**)) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent was acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if “2021 ISDA Definitions” is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes; (together, the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity, if applicable, is a period specified in the applicable Final Terms;
- (C) the relevant Reset Date is the day specified in the applicable Final Terms;
- (D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
 - (I) Compounding with Lookback;
 - (II) Compounding with Observation Period Shift; or
 - (III) Compounding with Lockout; and
- (E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Floating Rate Option, Designated Maturity, Reset Date, Overnight Floating Rate Option, Overnight Rate Compounding Method, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout, Averaging with Lookback, Averaging with Observation Period Shift, Averaging with Lockout, Compounded Index Floating Rate Option, Index Method and Compounded Index Method with Observation Period Shift** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes - Term Rate*

Where “Screen Rate Determination” and “Term Rate” are specified in the applicable Final Terms to be “Applicable”, and the Reference Rate is specified as being other than Compounded Daily SONIA, Compounded Daily SOFR or Weighted Average SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either EURIBOR or PRIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR or Prague time in the case of PRIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

Fallback

If the Relevant Screen Page is not available or if, in the case of subclause 6.2(b)(ii)(A), no offered quotation appears or, in the case of subclause 6.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations upon the Issuer’s request, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation upon the Issuer’s request as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Calculation Agent upon the Issuer’s request, by the Reference Banks or

any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Prague inter-bank market (if the Reference Rate is PRIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates upon the Issuer’s request, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Prague inter-bank market (if the Reference Rate is PRIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Screen Rate Determination for Floating Rate Notes – Overnight Rate - Compounded Daily SONIA - Non-Index Determination*

This Condition 6.2(b)(iii) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*Overnight Rate*” to be “Applicable”; (2) “*Compounded Daily SONIA*” as the Reference Rate; and (3) “*Index Determination*” to be “Not Applicable”.

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SONIA means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

d is the number of calendar days in:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

D is the number specified as such in the applicable Final Terms (or, if no such number is specified, 365);

d_o means:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Interest Accrual Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Observation Period;

i is a series of whole numbers from one to “*d_o*”, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day to, and including, the last London Banking Day, in:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i for any London Banking Day “*i*”, means the number of calendar days from (and including) such London Banking Day “*i*” up to (but excluding) the following London Banking Day;

Observation Period means the period from (and including) the date falling “*p*” London Banking Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling “*p*” London Banking Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

p means:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the “Lag Period” in the applicable Final Terms (or, if no such number is so specified, five London Banking Days); or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the “Observation Shift Period” in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the **SONIA reference rate**, in respect of any London Banking Day (**LBD_x**), is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such LBD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following LBD_x; and

SONIA_i means the SONIA reference rate for:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling “p” London Banking Days prior to the relevant London Banking Day “i”; or
 - (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day “i”.
- (B) Subject to Condition 6.2(c), where any Rate of Interest is to be calculated pursuant to Condition 6.2(b)(iii)(A) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, such SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be the rate determined by the Calculation Agent as:
- (1) the sum of (i) the Bank of England’s Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
 - (2) if the Bank Rate under (1)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (1) above,

and, in each case, references to “SONIA reference rate” in Condition 6.2(b)(iii)(A) above shall be construed accordingly.

- (C) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(iii), and without prejudice to Condition 6.2(c), the Rate of Interest shall be:
- (1) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or
 - (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Calculation Agent.

(iv) *Screen Rate Determination for Floating Rate Notes – Overnight Rate – Compounded Daily SONIA – Index Determination*

This Condition 6.2(b)(iv) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*Overnight Rate*” to be “Applicable”; (2) “*Compounded Daily SONIA*” as the Reference Rate; and (3) “*Index Determination*” to be “Applicable”.

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Compounded Daily SONIA Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SONIA Rate means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed on the Relevant Screen Page specified in the applicable Final Terms or, if no such page is so specified or if such page is unavailable at the relevant time, as otherwise published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date (the **SONIA Compounded Index**) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

- d** is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index_{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index_{End} is determined;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

Relevant Number is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

SONIA Compounded Index_{Start} means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Accrual Period; and

SONIA Compounded Index_{End} means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period).

- (B) If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Accrual Period

for which the SONIA Compounded Index is not available shall be “Compounded Daily SONIA” determined in accordance with Condition 6.2(b)(iii) above as if “*Index Determination*” were specified in the applicable Final Terms as being “Not Applicable”, and for these purposes: (i) the “*Observation Method*” shall be deemed to be “*Observation Shift*” and (ii) the “*Observation Shift Period*” shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(v) *Screen Rate Determination for Floating Rate Notes– Overnight Rate – SOFR – Non-Index Determination*

This Condition 6.2(b)(v) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*Overnight Rate*” to be ‘Applicable’; (2) either “*Compounded Daily SOFR*” or “*Weighted Average SOFR*” as the Reference Rate; and (3) “*Index Determination*” to be ‘Not Applicable’.

Where the applicable Final Terms specifies the Reference Rate to be “*Compounded Daily SOFR*”, the provisions of paragraph (A) below of this Condition 6.2(b)(v) apply.

Where the applicable Final Terms specifies the Reference Rate to be “*Weighted Average SOFR*”, the provisions of paragraph (B) below of this Condition 6.2(b)(v) apply.

(A) **Compounded Daily SOFR**

Where this paragraph (A) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be Compounded Daily SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SOFR means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

d is the number of calendar days in:

- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

D is the number specified as such in the applicable Final Terms (or, if no such number is specified, 360);

do means:

- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period; or

- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days in the relevant Observation Period;

i is a series of whole numbers from one to “do”, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (i) where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

Lock-out Period means the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date;

New York Fed’s Website means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;

ni for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day;

Observation Period means the period from (and including) the date falling “p” U.S. Government Securities Business Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling “p” U.S. Government Securities Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

p means:

- (i) where “Lag” is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the “Lag Period” in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);
- (ii) where “Lock-out” is specified as the Observation Method in the applicable Final Terms, zero U.S. Government Securities Business Days; or
- (iii) where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the “Observation Shift Period” in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);

Reference Day means each U.S. Government Securities Business Day in the relevant Interest Accrual Period, other than any U.S. Government Securities Business Day in the Lock-out Period;

SOFR in respect of any U.S. Government Securities Business Day (USBDx), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any

successor administrator of such rate) on the New York Fed's Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such USBDx;

SOFRI means the SOFR for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i";
- (ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms:
 - (I) in respect of each U.S. Government Securities Business Day "i" that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or
 - (II) in respect of each U.S. Government Securities Business Day "i" that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or
- (iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "i"; and

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(B) **Weighted Average SOFR**

Where this paragraph (B) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as calculated by the Calculation Agent as of the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

Weighted Average SOFR means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant SOFR by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day; and

- (ii) where “Lock-out” is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant SOFR by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, provided however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant SOFR for each day during that Lock-out Period will be deemed to be the SOFR in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall, subject to the proviso above, be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day.

Defined terms used in this paragraph (B) and not otherwise defined herein have the meanings given to them in paragraph (A) above of this Condition 6.2(b)(v).

(C) SOFR Unavailable

Subject to Condition 6.2(c), if, where any Rate of Interest is to be calculated pursuant to this Condition 6.2(b)(v), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed’s Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(v) but without prejudice to Condition 6.2(c), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 6.2(b)(iii)(C).

(vi) *Screen Rate Determination – Overnight Rate - SOFR - Index Determination*

This Condition 6.2(b)(vi) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*Overnight Rate*” to be ‘Applicable’; (2) “*Compounded Daily SOFR*” as the Reference Rate; and (2) “*Index Determination*” to be ‘Applicable’.

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Compounded SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded SOFR means, with respect to an Interest Accrual Period, the rate (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \frac{360}{d_c}$$

where:

d_c is the number of calendar days from (and including) the day in relation to which $SOFR\ Index_{Start}$ is determined to (but excluding) the day in relation to which $SOFR\ Index_{End}$ is determined;

Relevant Number is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

SOFR means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

SOFR Administrator means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

SOFR Administrator's Website means the website of the SOFR Administrator, or any successor source;

SOFR Index, with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the **SOFR Determination Time**);

SOFR Index_{Start}, with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Accrual Period;

SOFR Index_{End}, with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period); and

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (B) If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded SOFR for the applicable Interest Accrual Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined in accordance with Condition 6.2(b)(v) above as if "*Index Determination*" were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (i) the "*Observation Method*" shall be deemed to be "*Observation Shift*" and (ii) the "*Observation Shift Period*" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

(vii) *Interest Accrual Period*

As used herein, an **Interest Accrual Period** means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Series of Notes becomes due and payable in accordance with Condition 11 (*Events of Default*) shall be the date on which such Notes become due and payable).

(c) **Benchmark Discontinuation**

(i) *Benchmark Replacement*

This Condition 6.2(c)(i) applies to Floating Rate Notes other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

If the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(A) Independent Adviser

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.2(c)(i)(B)) and, in either case, the applicable Adjustment Spread (in accordance with Condition 6.2(c)(i)(C)) and any Benchmark Amendments (in accordance with Condition 6.2(c)(i)(D)).

If, notwithstanding the Issuer's reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 6.2(c)(i), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Successor Rate or an Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 6.2(c)(i), the provisions of Condition 6.2(c)(vii) below shall apply.

(B) Successor Rate or Alternative Rate

If the Issuer, following consultation with such Independent Adviser (if appointed), determines in good faith that:

- (1) there is a Successor Rate, then such Successor Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 6.2(c)(i)(C)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(c)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 6.2(c)(i)(C)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(c)).

(C) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions, the Independent Adviser, following consultation with the Issuer, will determine in good faith the Adjustment Spread to be applied to such Successor Rate or Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 6.2(c) and the Issuer, following consultation with the Independent Adviser (if appointed),

determines in good faith (A) that amendments to the Terms and Conditions of the Notes and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days or Relevant Screen Page) are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the Benchmark Amendments) and (B) the terms of the Benchmark Amendments, then (subject to Condition 6.2(c)(iv) below) the Issuer shall, subject to giving notice thereof in accordance with Condition 6.2(c)(iii), without any requirement for the consent or approval of Noteholders, vary the Terms and Conditions of the Notes and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents (acting reasonably) would have the effect of (i) exposing the Agents to any liability against which they have not been indemnified and/or secured and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Agents under the Agency Agreement and/or these Terms and Conditions.

In connection with any such variation in accordance with this Condition 6.2(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Definitions

As used in this Condition 6.2(c)(i):

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Independent Adviser or the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- (iii) if no such recommendation or option has been made (or made available) under (A) above and if the Issuer, following consultation with the Independent Adviser determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Issuer, in its discretion, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Noteholders;

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser or the Issuer, following consultation with the Independent

Adviser, determines in accordance with this Condition 6.2(c) has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes;

Benchmark Event means, with respect to an Original Reference Rate, any one or more of the following:

- (i) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Notes; or
- (v) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Calculation Agent, or any Paying Agent to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Regulation (EU) 2016/1011 as that Regulation applies in the European Union and/or as it applies in the United Kingdom in the form retained as domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018, as amended, if applicable),

provided that in the case of paragraphs (ii) to (iv) above, the Benchmark Event shall occur on:

- (i) in the case of (ii) above, the date of the cessation of the publication of the Original Reference Rate;
- (ii) in the case of (iii) above, the discontinuation of the Original Reference Rate; or
- (iii) in the case of (iv) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable);

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall be deemed to include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(ii) *Benchmark Transition*

This Condition 6.2(c)(ii) applies to Floating Rate Notes where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(A) Independent Adviser

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 6.2(c)(ii) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes.

Any Benchmark Replacement so determined by the Issuer shall have effect for any subsequent determination of any relevant Rate of Interest (subject to any further application of this Condition 6.2(c)(ii) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If, notwithstanding the Issuer’s reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially

reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 6.2(c)(ii), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Benchmark Replacement in accordance with this Condition 6.2(c)(ii), the provisions of Condition 6.2(c)(vii) below shall apply.

(B) Benchmark Replacement Conforming Changes

If the Issuer, following consultation with the Independent Adviser (if appointed), considers it is necessary to make Benchmark Replacement Conforming Changes, the Issuer shall, in consultation with the Independent Adviser (if appointed), determine the terms of such Benchmark Replacement Conforming Changes, and (subject to Condition 6.2(c)(iv) below) shall, subject to giving notice in accordance with Condition 6.2(c)(iii) below (but without any requirement for the consent or approval of Noteholders), vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents would have the effect of (i) exposing the Agents to any liability against which they have not been indemnified and/or secured and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of Agents in the Agreement and/or the Conditions.

In connection with any such variation in accordance with this Condition 6.2(c)(ii), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(C) Definitions

As used in this Condition 6.2(c)(ii):

Benchmark Replacement means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the Original Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S.dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any Interest Period, Interest Accrual Period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer (in consultation with the Independent Adviser, if appointed) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer (in consultation with the Independent Adviser, if appointed) determines is reasonably necessary);

Benchmark Replacement Date means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or
- (ii) in the case of clause (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than (where the Rate of Interest is to be determined pursuant to Condition 6.2(b)(ii)) the Specified Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

Corresponding Tenor means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

ISDA Fallback Adjustment means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate;

ISDA Fallback Rate means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Transition Events, such originally specified benchmark or screen rate (or any benchmark used in any Benchmark Replacement which has replaced it (the Replacement Benchmark)) has been replaced by a (or a further) Replacement Benchmark and a Benchmark Transition Event subsequently occurs in respect of such Replacement Benchmark, the term “Original Reference Rate” shall be deemed to include any such Replacement Benchmark);

Relevant Governmental Body means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (iii) *Notices, etc.*

The Issuer shall notify the Issuing and Principal Paying Agent, the Calculation Agent (if different from the Agent), the Paying Agents and, in accordance with Condition 15 (*Notices*), the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and/or

Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), determined under this Condition 6.2(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if any.

(iv) *Survival of Original Reference Rate*

Without prejudice to the Issuer's obligations under the provisions of this Condition 6.2(c), the Original Reference Rate and the fallback provisions provided for in Condition 5.2(b), will continue to apply unless and until the Calculation Agent has been notified, in accordance with Condition 6.2(c)(iii), of (as the case may be):

- (1) the Successor Rate or the Alternative Rate (as the case may be), and (in either case) the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 6.2(c)(i); or
- (2) the Benchmark Replacement and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 6.2(c)(ii).

(v) *Restriction on Independent Adviser and Issuer liability*

An Independent Adviser appointed pursuant to this Condition 6.2(c) shall act in good faith.

In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Paying Agents, the Calculation Agent or the Noteholders for any determination made by the Issuer or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 6.2(c).

(vi) *MREL Eligible Liabilities/Tier 2 Capital*

Notwithstanding any other provision of this Condition 6.2(c), the Issuer shall not be required to adopt any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Replacement (as applicable), nor to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either:

- (1) to prejudice the qualification of the relevant Series of Notes as MREL Eligible Liabilities and/or Tier 2 Capital, as applicable, for the purposes of any Applicable Banking Regulations; or
- (2) (if this Note is a Senior Non-Preferred Note only) to result in the Relevant Resolution Authority treating the relevant Interest Payment Date as the effective maturity date of the Notes, rather than the relevant Maturity Date specified in the applicable Final Terms.

In such event, the Issuer shall be entitled to apply the provisions of this Condition 6.2(c) with such further adjustments as it considers necessary to avoid the consequences described under (i) and/or (ii) above, provided that the Issuer, acting in good faith and in a commercial reasonable manner, has determined that so doing shall not be materially less favourable to Noteholders than failing to apply the provisions of this Condition 6.2(c) at all.

(vii) *Fallbacks*

If, following the occurrence of:

- (i) a Benchmark Event; or

(ii) a Benchmark Transition Event (and its related Benchmark Replacement Date),

in respect of the Original Reference Rate, on the immediately following Interest Determination Date:

- (1) (in the case of (i) above) no Successor Rate or Alternative Rate (as applicable) is determined pursuant to Condition 6.2(c)(i) or (as the case may be) a Successor Rate or Alternative Rate (as applicable) is determined, but no Adjustment Spread is determined pursuant to Condition 6.2(c)(i); or
- (2) (in the case of (ii) above) no Benchmark Replacement is determined in accordance with Condition 6.2(c)(ii),

then the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided in Condition 6.2(b) will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 6.2(c), mutatis mutandis, on one or more occasions until:

- (1) (in the case of (i) above) a Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments; or
- (2) (in the case of (ii) above) the Benchmark Replacement and any Benchmark Replacement Conforming Changes,

have been determined and notified in accordance with this Condition 6.2(c) (and, until such determination and notification (if any), the fallback provisions provided in Condition 6.2(b), will continue to apply).

The Issuer's intention is that, in circumstances where the Issuer has been unable to determine (as applicable) (i) a Successor Rate or Alternative Rate (as applicable) and (in either case) the Adjustment Spread or (ii) the Benchmark Replacement pursuant this Condition 6.2(c), it will elect to re-apply such provisions if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable the Issuer successfully to apply such provisions and determine (as applicable) (a) a Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any) or (b) the Benchmark Replacement and the applicable Benchmark Replacement Conforming Changes (if any).

(viii) *Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event*

If the Issuer anticipates that a Benchmark Event or a Benchmark Transition Event, as applicable, will or may occur, nothing in these Conditions shall prevent the Issuer (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event or a Benchmark Transition Event, such actions as it considers expedient in order to prepare for applying the provisions of this Condition 6.2(c) (including, without limitation, appointing and consulting with an Independent Adviser, and seeking to identify any Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes, as applicable), provided that no Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes will take effect until the relevant Benchmark Event, or the relevant Benchmark Transition Event and its related Benchmark Replacement Date, as applicable, has occurred.

(d) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) *in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Notes;*

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser, determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) ***Notification of Rate of Interest and Interest Amounts***

This Condition 6.2(g) applies where the applicable Final Terms specifies both “*Screen Rate Determination*” and “*Term Rate*” to be “Applicable”.

Except where the applicable Final Terms specifies both “*Screen Rate Determination*” and “*Overnight Rate*” to be “Applicable”, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

Where the applicable Final Terms specifies both “*Screen Rate Determination*” and “*Overnight Rate*” to be “Applicable”, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Accrual Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the second Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Accrual Period. Any such amendment or alternative arrangements will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*).

(h) ***Certificates to be final***

All certificates, communications, determinations, calculations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2(h) by the Issuing and Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default or manifest error)

be binding on the Issuer, the Issuing and Principal Paying Agent, the other Agents and all Noteholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders shall attach to the Issuing and Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*) any law implementing an intergovernmental approach thereto.

7.2 Payments in respect of Notes

Payments of principal in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register (i) where in global form, at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.3 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

7.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

7.5 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 (*Taxation*).

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

8.2 Redemption for tax reasons

Subject to Condition 8.9 (*Early Redemption Amounts*), where specified as Applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Issuing and Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Series of the Notes:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in the case of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes (as applicable), the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Czech Republic in respect of any payment to be made on the Notes on the occasion of the next payment due under the Notes or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes (as applicable) materially changes,

provided that no such notice of redemption shall be given earlier than:

- (a) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which (A) the Issuer would

be obliged to pay such additional amounts if a payment in respect of the Notes were then due, (B) the Issuer would not be entitled to claim such deduction or the amount of such deduction would be materially reduced or (C) such tax treatment on the Notes would be affected; or

- (b) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Principal Paying Agent to make available at its specified office to the Noteholders: (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; (B) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or, as the case may be, will not be entitled to claim such deduction or the amount of the deduction would be materially reduced or, as the case may be, the applicable tax treatment of the Notes has been or will be affected, in each case as a result of such change or amendment; and (C) confirmation that the Competent Authority (in the case of the Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes), if required under Applicable Banking Regulations, has given its consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 8.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2.

Redemption of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes pursuant to this Condition 8.2 (*Redemption for tax reasons*) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

8.3 Early Redemption due to Capital Disqualification Event

If, in respect of Tier 2 Subordinated Notes only, where the Capital Disqualification Event has been specified as applicable in the applicable Final Terms, a Capital Disqualification Event occurs, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Issuing and Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes at the Early Redemption Amount referred to in Condition 8.9 (*Early Redemption Amounts*), together with interest accrued to (but excluding) the date of redemption.

The appropriate notice referred to in this Condition 8.3 is a notice given by the Issuer to the Issuing and Principal Paying Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that a Capital Disqualification Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Competent Authority, provided that at the relevant time such consent is required to be given under Applicable Banking Regulations; and
- (c) the due date for such redemption.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Redemption of Notes pursuant to this Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

For the purposes of these Conditions:

Capital Disqualification Event means the determination by the Issuer that as a result of a change in the regulatory classification of the relevant Series of Tier 2 Subordinated Notes that becomes effective on or after the Issue Date of the last Tranche of the relevant Series of Tier 2 Subordinated Notes which change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series, the aggregate outstanding nominal amount of the Tier 2 Subordinated Notes is or in the next 60 days will become fully excluded or partially excluded from inclusion in the Tier 2 Capital.

Tier 2 Capital means Tier 2 capital of the Issuer and/or the Group pursuant to Article 71 CRR.

8.4 Early Redemption due to MREL Disqualification Event

If, in the case of Senior MREL Notes or Senior Non-Preferred MREL Notes, where the MREL Disqualification Event has been specified as applicable in the applicable Final Terms only, a MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Issuing and Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Noteholders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable) at the Early Redemption Amount referred to in Condition 8.9 (*Early Redemption Amounts*), together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

The appropriate notice referred to in this Condition is a notice given by the Issuer to the Issuing and Principal Paying Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that a MREL Disqualification Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Relevant Resolution Authority, provided that at the relevant time such consent is required to be given under Applicable Banking Regulations; and
- (c) the due date for such redemption.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Redemption of Notes pursuant to this Condition 8.4 (*Early Redemption due to MREL Disqualification Event*) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

For the purposes of these Conditions:

Applicable MREL Regulations means, at any time, the laws, regulations, requirements, guidelines and, policies relating to minimum requirements for own funds and eligible liabilities and/or loss-absorbing capacity instruments of the Czech Republic, and/or of the European Parliament or of the Council of the European Union then in effect in the Czech Republic or any other relevant jurisdiction giving effect to MREL or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD, the BRRD, the Czech Recovery and Resolution Act, and those regulations, requirements, guidelines and policies giving effect to MREL or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

MREL means the "minimum requirement for own funds and eligible liabilities" for credit institutions under Section 127 et seq. of the Czech Recovery and Resolution Act, Article 45 of the BRRD (as transposed in the Czech Republic by the Czech Recovery and Resolution Act), Commission Delegated

Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under the EU legislation and relevant implementing legislation and regulation in the Czech Republic or any other relevant jurisdiction;

MREL Disqualification Event means in respect of the Senior Non-Preferred MREL Notes, Tier 2 Subordinated Notes and Senior MREL Notes, the determination by the Issuer that, as a result of any implementation of, or change (or any pending amendment, change or replacement which the Relevant Resolution Authority considers sufficiently certain) in, the relevant Applicable Banking Regulations or any change in the official application or interpretation thereof by the Resolution Authority becoming effective on or after the Issue Date of the relevant Series of the Notes, the whole or any part of the outstanding aggregate principal amount of Notes of such Series at any time is not included in, ceases or (in the opinion of the Issuer or the Relevant Resolution Authority) in the next 60 days will cease to count towards, the MREL Eligible Liabilities *provided that* an MREL Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the relevant Series of Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards MREL Eligible Liabilities: (a) due to the relevant Notes being bought back by or on behalf of the Issuer; or (b) due to the remaining maturity of such Notes being less than one year; or (c) due to any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL requirements applicable to the Issuer being exceeded; or (d) in case of Tier 2 Subordinated Notes only, before the fifth anniversary of the issue date of such Tier 2 Subordinated Notes, which pursuant to Section 128(1)(b) of the Czech Recovery and Resolution Act or Article 72a(1)(b) CRR, as the case may be, qualify as eligible for the inclusion into the MREL Eligible Liabilities.

8.5 Restrictions on early redemption or purchase

- (a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) or purchase the Senior MREL Notes, Senior Non-Preferred MREL Notes and Tier 2 Subordinated Notes only if such redemption or purchase is in accordance with the Applicable Banking Regulations and, if required under the Applicable Banking Regulations, it has been granted the approval of or permission from (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes) the Relevant Resolution Authority, which requires that:
 - (i) before or at the same time as such redemption or repurchase of any Notes, the Issuer replaces such Notes with own funds instruments (or, in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes, eligible liabilities instruments) of an equal or higher quality at terms that are sustainable for its income capacity; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority (in the case of Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes) that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements (in the case of Senior MREL Notes or Senior Non-Preferred MREL Notes, for own funds and eligible liabilities) under CRD and BRRD by a margin that (in the case of Senior MREL Notes or Senior Non-Preferred MREL Notes) the Relevant Resolution Authority, in agreement with the Competent Authority, or (in the case of Tier 2 Subordinated Notes) the Competent Authority, considers necessary; or
 - (iii) in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the Applicable Banking Regulations for continuing authorisation; and

- (iv) in the case of redemption of Tier 2 Subordinated Notes before five years after the Issue Date of the last Tranche of such Series of Notes if the conditions listed in sub-paragraph (i) or (ii) above and one of the following conditions are met:
 - (A) in the case of redemption due to the occurrence of a Capital Disqualification Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Tier 2 Subordinated Notes was not reasonably foreseeable as at the Issue Date of the last tranche of the Tier 2 Subordinated Notes; or
 - (B) in the case of redemption due to the occurrence of a taxation reason, the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the Issue Date of the most recent Tranche of the Notes of the relevant Series; or
 - (C) before or at the same time as such redemption or repurchase of the relevant Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (D) the Notes are repurchased for market-making purposes.
- (b) Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes) the Relevant Resolution Authority to grant its approval or permission as described above will not constitute an event of default under the relevant Notes.

8.6 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

Redemption of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes pursuant to this Condition 8.6 (*Redemption at the option of the Issuer* (Issuer Call)) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption.

8.7 Clean-up Call Option

If (i) Clean-up Call Option is specified in the relevant Final Terms as being applicable and (ii) the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes

originally issued has been redeemed (other than as a direct result of a redemption of some, but not all, of the Notes at the Issuer's option pursuant to Condition 8.6 (*Redemption at the option of the Issuer (Issuer Call)*) or purchased and subsequently cancelled in accordance with this Condition 8, the Issuer may, from (and including) the Clean-up Call Effective Date (but subject, in the case of Senior MREL Notes, Senior Non-Preferred MREL Notes and Tier 2 Subordinated Notes, to Condition 8.5 (*Restrictions on early redemption or purchase*), having given not more than the maximum period nor less than minimum period of notice specified in the relevant Final Terms to the Fiscal Agent and, in accordance with Condition 15 (*Notices*), to the Noteholders, at any time redeem all (but not some only) of the Notes then outstanding at the Clean-up Call Option Amount specified in the relevant Final Terms together, if applicable, with unpaid interest accrued to (but excluding) such date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

For the purposes of this Condition 8.7, any further notes issued pursuant to Condition 17 (*Further Issues*) so as to be consolidated and form a single Series with the Notes outstanding at that time will be deemed to have been originally issued.

In these Conditions:

Clean-up Call Minimum Percentage means 75% or such other percentage specified in the relevant Final Terms; and

Clean-up Call Effective Date means (i) in the case of Senior MREL Notes and Senior Non-Preferred MREL Notes, the Issue Date of the first Tranche of the Notes and (ii) in the case of Tier 2 Subordinated Notes, the date specified in the relevant Final Terms or such earlier date as may be permitted under the requirements for MREL Eligible Liabilities and/or the Applicable Banking Regulations (as applicable) from time to time.

8.8 Redemption at the option of the Noteholders (Investor Put)

This Condition 8.8 applies to Ordinary Senior Notes.

If, in respect of the Ordinary Senior Notes, Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Ordinary Senior Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Notes - Transfers of Notes in definitive form*).

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Issuing and Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear, Clearstream, Luxembourg or any common safekeeper, as the case may be for them to the Issuing and Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 8.8 shall be irrevocable

except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.8 and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

8.9 Early Redemption Amounts

For the purpose of Conditions 8.2 (*Redemption for tax reasons*), 8.3 (*Early Redemption due to Capital Disqualification Event*), 8.4 (*Early Redemption due to MREL Disqualification Event*) and Condition 11 (*Events of Default*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the accrual yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

8.10 Purchases

Subject to Condition 8.5 (*Restrictions on early redemption or purchase*), the Issuer or any Subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation.

8.11 Cancellation

All Notes which are redeemed, substituted or purchased and elected by the Issuer to be cancelled pursuant to Condition 8.10 (*Purchases*) will forthwith be cancelled. All Notes so cancelled cannot be reissued or resold.

8.12 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 (*Redemption at maturity*), 8.2 (*Redemption for tax reasons*), 8.3 (*Early Redemption due to Capital Disqualification Event*), 8.4 (*Early Redemption due to MREL Disqualification Event*), 8.5 (*Restrictions on early redemption or purchase*), 8.6 (*Redemption at the option of the Issuer (Issuer Call)*), 8.7 (*Clean-up Call Option*) or 8.8 (*Redemption at the option of the Noteholders (Investor Put)*) above or upon its becoming due and repayable as provided in Condition 11

(*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.9(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

9. TAXATION

As a withholding agent, the Issuer is liable for and bears a burden of proof vis-à-vis the tax authorities with respect to (i) a proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source under the laws of any Tax Jurisdiction from any payment of principal, interest or any other amounts payable in respect of the Notes as well as (ii) the granting of any Tax Relief. Accordingly, before any Tax Relief can be granted, the Issuer will require – unless waived by the Issuer in accordance with this Condition 9 – for the Beneficial Ownership Information to be duly collected and delivered to the Issuer in accordance with the Certification Procedures.

All payments of principal (in respect of Ordinary Senior Notes only) and interest or any other amounts payable by or on behalf of the Issuer in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Tax Jurisdiction (the **Taxes**) unless such withholding or deduction is required by law.

In such event, the Issuer shall pay such additional amounts as shall be necessary in order that:

- (a) the net amounts, in the case of Ordinary Senior Notes, and
- (b) the net interest only, in the case of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes,

received by the Noteholders after such withholding or deduction are equal to the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (i) presented for payment in any Tax Jurisdiction;
- (ii) the Beneficial Owner of which is liable for Taxes in respect of such Note by reason of having some connection with the Tax Jurisdiction other than that under point (v) below;
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.4 (*Payment Day*));
- (iv) where any such withholding or deduction for or on account of Taxes in respect of such Note is required by reason of the Issuer or any person on behalf of the Issuer not having duly received a true, accurate and complete Beneficial Ownership Information or any other similar claim for exemption, where such Beneficial Ownership Information or other claim for exemption is required or imposed under the Certification Procedures, except where this is caused by actions or omissions of the Issuer or its agents;
- (v) the Beneficial Owner of which is a Czech Tax Resident individual; or
- (vi) the Beneficial Owner of which is a Person Related Through Capital with the Issuer.

In the case of the Beneficial Ownership Information or other similar claim for exemption not being delivered to the Issuer on the terms and subject to the conditions set out in paragraph (v) above, the Issuer will withhold (a) 35% Withholding Tax from any payment of interest on such Note and (b) if the Notes are issued at a price lower than its principal amount (i.e. below par), 1% Tax Security from any payment of principal on such Note unless the Issuer is satisfied, in its absolute discretion, that it has in its possession all the necessary information enabling the Issuer not to apply the Withholding Tax (or to apply it at a lower rate) or not to apply the Tax Security.

The Issuer may, at any time, waive any condition set out in this Condition 9 to the benefit of the Beneficial Owners by giving notice to the Noteholders in accordance with Condition 15 (*Notices*).

Notwithstanding anything to the contrary in this Condition 9, no additional amounts will be paid in respect of Zero Coupon Notes.

Notwithstanding anything to the contrary in this Condition 9, no additional amounts will be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Czech Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement.

See section "Taxation" for a fuller description of certain tax considerations relating to the Notes and the formalities which Noteholders or Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld under this Condition 9, where applicable.

In these Conditions:

Beneficial Owner means a holder of a Note if such holder is also a beneficial owner (within the OECD Model Tax Convention on Income and on Capital meaning of this term) in respect of income paid on such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning;

Beneficial Ownership Information means certain information and documentation as set forth under the Certification Procedures concerning, in particular, the identity and country of tax residence of a recipient of a payment of interest or principal in respect of a Note (together with relevant evidence thereof) which enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that all conditions for the granting of a Tax Relief, if any, are met.

Certification Procedures mean the tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg to facilitate collection of the Beneficial Ownership Information which are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time.

Czech Tax Non-Resident means a taxpayer who is not a tax resident of the Czech Republic, either under the Income Taxes Act or under a relevant Tax Treaty (if any);

Czech Tax Resident means a taxpayer who is a tax resident of the Czech Republic under the Czech Income Taxes Act as well as under a relevant Tax Treaty (if any);

Income Taxes Act means the Czech Act No. 586/1992 Coll., on Income Taxes, as amended;

Legal Entity means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality).

OECD means Organisation for Economic Co-operation and Development;

Person Related Through Capital means every person (whether an individual or a Legal Entity) in circumstances where (i) one person directly or indirectly participates in the capital of, or voting rights

in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25% of the registered capital of, or 25% of the voting rights in, such other person/persons.

Relevant Date means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

Relief at Source Procedure means a procedure whereby income proceeds are paid taking into account exemption and/or applicable reduced rate as foreseen by the applicable tax laws or under any applicable Tax Treaty;

Tax Jurisdiction means (i) the Czech Republic or any political subdivision or any authority thereof or therein having power to tax or (ii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject;

Tax Relief means a relief from the Withholding Tax or the Tax Security (as the case may be), whether in the form of an exemption or application of a reduced rate.

Tax Security means a special amount collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note or by a buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability);

Tax Treaty means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the Elimination of Double Taxation in Relation to Taiwan, as amended; and

Withholding Tax means a tax collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

10. PRESCRIPTION

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9 (*Taxation*)) therefor.

11. EVENTS OF DEFAULT

11.1 Events of Default relating to Ordinary Senior Notes

This Condition 11.1 only applies to Ordinary Senior Notes.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing in relation to any Series of Ordinary Senior Notes:

(a) Non-payment

A default is made in the payment of any principal or interest due in respect of the Ordinary Senior Notes on the due date for payment thereof and such default continues for a period of seven days in the case of interest and/or principal; or

(b) Breach of other obligations

The Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Ordinary Senior Notes or under the Agency Agreement and (except in any case where the default is incapable of remedy when no such continuation or notice as in hereinafter mentioned will be required) such default continues for more than 30 days following service by a holder of Ordinary Senior Notes on the Issuer requiring the same to be remedied; or

(c) Cross-default of Issuer

(A) any Relevant Indebtedness of the Issuer is not paid or repaid when due or (as the case may be) within any originally applicable grace period; or

(B) any such Relevant Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or **(provided that** no event of default, howsoever described, has occurred) any Person entitled to such Relevant Indebtedness;

provided that the amount of Relevant Indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above individually or in the aggregate exceeds EUR 15,000,000 (or its equivalent in any other currency or currencies); or

(d) Insolvency etc.

(A) the Issuer becomes (1) over-indebted (in Czech, *předlužen*), (2) unable to pay its debts as they fall due (in Czech, *platebně neschopný*) or (3) in a situation of a threatening insolvency (in Czech, *hrozící úpadek*), (B) any corporate action, legal proceedings or other procedure or step is taken in relation to: (1) the suspension of payments or a moratorium in respect of any Relevant Indebtedness of the Issuer; (2) bankruptcy (in Czech, *úpadek*) or discharge (in Czech, *oddlužení*) of the Issuer; or (3) a reorganisation (in Czech, *reorganizace*) or a similar arrangement with any creditor of the Issuer, unless the petition to commence such proceedings or procedure is contested in good faith and is discharged, stayed or dismissed within 30 calendar days of such commencement; (C) an administrator, receiver, administrative receiver, compulsory manager or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or (C) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or

(e) Winding up etc.

An order is made by any competent court or resolution is passed for the winding up, liquidation or dissolution of the Issuer; or

(f) Analogous event

any event occurs which under the laws of the Czech Republic has an analogous effect to any of the events referred to in paragraphs (d) and (e) above; or

(g) Cessation of business

the Issuer ceases or threatens to cease to carry on all or any substantial part of its business or substantially changes its business or stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(h) Enforcement of Security

If the holder of any Security over any asset of the Issuer, being entitled, takes any step to enforce that Security which could have a material adverse effect on the Issuer's ability to meet its obligations under the Notes; or

(i) Withdrawal of banking licence

If the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Czech banking law; or

(j) Unlawfulness

It is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Ordinary Senior Notes,

then, subject to Condition 11.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes*), any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issuing and Principal Paying Agent effective upon the date of receipt thereof by the Issuing and Principal Paying Agent, declare any such Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to such date of repayment, without presentment, demand, protest or other notice of any kind.

11.2 Definitions

For the purposes of the Conditions:

Auditors means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these presents, such other firm of chartered accountants as the Issuer may appoint for the purposes of these presents;

Subsidiary means any company or corporation: (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or (C) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

11.3 Events of Default relating to Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes

Save as provided below, there are no events of default under the Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes, which could lead to an acceleration of the relevant Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes.

However, in the event of any final declaration of insolvency (in Czech, *vydání pravomocného rozhodnutí o úpadku*) of the Issuer within the meaning of Section 136 of the Czech Insolvency Act, any Holder of a Note may, unless there has been a resolution to the contrary by the Noteholders, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the specified office of the Issuing and Principal Paying Agent (and addressed to the Issuer), that the Notes be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to that date shall become immediately due and payable without further action or formality.

11.4 Notices relating to Events of Default

Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of any bail-in power by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in and Loss Absorption Powers with respect to the Notes by the Relevant Resolution Authority pursuant to Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*), will be an Event of Default.

12. SUBSTITUTION AND VARIATION

If Substitution and Variation is specified in the relevant Final Terms as being applicable to the Notes (other than Ordinary Senior Notes) and (i) a Capital Disqualification Event, (ii) an MREL Disqualification Event or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 8.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness or enforceability of Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) and the Issuing and Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Competent Authority (in the case of the Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of the Senior MREL Notes or Senior Non-Preferred MREL Notes) if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time, provided that such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings solicited by the Issuer of the Notes as assigned to such Notes by any Rating Agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*)).

Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of Senior MREL Notes or Senior Non-Preferred MREL Notes) the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new Conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Conditions:

Qualifying Notes means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*), have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Noteholders not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 12, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 12, the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of Senior MREL Notes or Senior Non-Preferred MREL Notes, contain terms which comply with the then-current requirements for MREL Eligible Liabilities as embodied

in the Applicable MREL Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then-current requirements for their inclusion in the Tier 2 Capital; and

- (b) carry the same Rate of Interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*); and
- (c) have the same redemption rights as the Notes; and
- (d) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*); and
- (e) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*); and
- (f) have a ranking at least equal to the Notes; and
- (g) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, an MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 8.2 (*Redemption for tax reasons*), as applicable; and
- (h) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*).

13. REPLACEMENT OF NOTES

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Issuing and Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.3 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

15. NOTICES

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 5% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Issuing and Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each

case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

The Issuing and Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Subject to the Issuer acting in good faith and in a commercially reasonable manner and with not less than 30 days' notice being given to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*) of any such determination or specification, the Issuer is entitled to make any modification or amendments, without the consent of the Noteholders, to Condition 9 (*Taxation*) or any of the provisions of the Agency Agreement in order to reflect:

- (i) a change in applicable Czech law or regulation, or any ruling or official interpretation thereof;
- (ii) a requirement imposed by the Czech tax authorities or another competent authority;
- (iii) a change in the standard market approach in respect of the Certification Procedures; or
- (iv) a change in any applicable rules or procedures of any party to the implementation of the Certification Procedures.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

The Issuer, or any previously substituted company, may, at any time, without the consent of the Noteholders (but subject, other than in respect of Ordinary Senior Notes, to compliance with the relevant Applicable Banking Regulation and/or MREL requirements), substitute for itself as principal debtor under the Notes any company (the **Substitute**) that is a Subsidiary of the Issuer, provided that no payment in respect of the Notes is at the relevant time overdue. The substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form scheduled to the Agency Agreement as Schedule 7, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge that is imposed on it by, or by any authority in or of, the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes and the Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Agency Agreement, the Notes and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it and shall assume the obligations of the Issuer under the Deed of Covenant relating to the Notes, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the Issuing and Principal Paying Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in limb (i) above and in England as to the fulfilment of the preceding conditions of limb (iii) above and the other matters specified in the Deed Poll; (vi) the Substitute shall have delivered to the Noteholders (care of the Issuing and Principal Paying Agent) a certificate signed by two authorised signatories of the Substitute that the Substitute is solvent at the time at which the substitution is proposed to be effected, (vii) the Substitute, if incorporated in a jurisdiction

other than England, shall have appointed an agent to receive, for and on its behalf, service of process in any proceedings in England, (viii) each listing authority and stock exchange (if any) on which the Notes are then admitted to listing or trading shall have confirmed that, following the proposed substitution, the Notes will be admitted to listing or trading by such listing authority or stock exchange, (ix) such substitution shall not give rise to a right to redeem the Notes pursuant to Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) or Condition 8.4 (*Early Redemption due to MREL Disqualification Event*), and (x) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies or, pending execution, the agreed text of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 11 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, the events listed in Condition 11 (*Events of Default*) shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes are governed by, and construed in accordance with, English law. The Notes, although governed by, and construed in accordance with, English law, will be subject to those provisions of the Czech Insolvency Act, the Czech Recovery and Resolution Act and any other provisions of Czech law applicable to or relevant for the Notes as notes having the status set out in Condition 3 (*Status of the Notes*).

19.2 Submission to jurisdiction

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

19.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office for the time being at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will

not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

20. ACKNOWLEDGMENT OF BAIL-IN AND LOSS ABSORPTION POWERS

- (a) Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder, by its subscription and/or purchase and holding of the Notes, each Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes) acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by the effect of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority, which may be imposed with or without any notice with respect to the Notes and which exercise (without limitation) may include and result in any of the following, or a combination thereof:
- (i) the reduction or cancellation of all, or a portion, of the Relevant Amounts due in respect of the Notes;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes (in which case the Noteholder agrees to accept, in lieu of its rights under the Notes, any such shares, securities or other obligations of the Issuer or another person);
 - (iii) the cancellation of the Notes;
 - (iv) amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date(s) on which interest becomes payable, including by suspending payment for a temporary period; and
 - (v) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.
- (b) By its subscription and/or purchase of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (i) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as may be exercised without any prior notice by the Relevant Resolution Authority of its decision to exercise such power with respect to such Notes; and (ii) shall be deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg, any accountholder in Euroclear or Clearstream, Luxembourg or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder or any Agent.
- (c) Upon the Issuer and/or any member of the Group being informed and notified by the Relevant Resolution Authority of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Agents for information purposes. Each Noteholder acknowledges, accepts, consents and agrees that any delay or failure by the Issuer to notify the Noteholders

under this paragraph shall not affect (or be deemed to operate to affect) the validity and enforceability of the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

- (d) No repayment or payment of the Relevant Amounts will become due and payable or be paid after the exercise of the Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in the Czech Republic and the European Union applicable to the Issuer and/or other members of the Group.
- (e) If the Relevant Resolution Authority exercises the Bail-in and Loss Absorption Powers with respect to less than the total Relevant Amounts, unless any of the Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Bail-in and Loss Absorption Powers will be made on a pro-rata basis.
- (f) Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person or the variation of the terms of the Notes, as a result of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes pursuant to this Condition 20, will be an Event of Default, and these Conditions shall continue to apply, in case of exercise of any powers to write-down or convert the Notes, in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or members of the Group incorporated in the relevant Member State or, if appropriate, third country (not or no longer being a Member State).

In these Conditions:

Bail-in and Loss Absorption Powers means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or resolution-related power existing from time to time under, and exercised in compliance with, the Czech Recovery and Resolution Act or any laws, regulations, rules or requirements in effect in the Czech Republic, relating to (i) the transposition of the BRRD into Czech law or the laws of any other relevant Member State, including (but not limited to) the write-down and/or conversion powers under Section 120 et seq. of the Czech Recovery and Resolution Act and (ii) the instruments, rules and standards created under the BRRD pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period); and

Relevant Amounts means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (**MiFID II**); or (ii) a customer within the meaning of Directive 2016/97/EU, (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]⁵

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to, be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]⁶

[Singapore Securities and Futures Act Product Classification: In connection with Sections 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as [“prescribed capital markets products”] (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]/[].⁷

[MiFID II Product Governance/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU, as amended (as amended, **MiFID II**)/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR Product Governance/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s

⁵ Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

⁶ Legend to be included on the front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

⁷ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the relevant offer (*i.e.*, if the Notes are not prescribed capital markets products pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)).

product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (UK MiFIR); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the UK MiFIR Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.].]

FINAL TERMS

J&T BANKA, a.s.

Legal entity identifier (LEI): 3157001000000043842

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 3,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the base prospectus of the Issuer dated 19 May 2023[, as supplemented by the supplement(s) to it dated [●]] (the **Base Prospectus**) issued in relation to the EUR 3,000,000,000 Euro Medium Term Note Programme of J&T BANKA, a.s. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation.]

The expression **Prospectus Regulation** means Regulation (EU) 2017/1129 (as amended).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any supplements thereto in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus.

The Base Prospectus is available for viewing at the Issuer's website www.jtbank.eu, and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents upon provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[Date]

1. (a) Series Number: []

- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date of earlier Tranches] on [[insert date]/the Issue Date/the date that is 40 days after the Issue Date, as referred to in paragraph [] below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
4. Issue Price: []% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: []
- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent)).
- (b) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6. (a) Issue Date: []
- (b) Interest Commencement Date: [[]/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]
- (Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)
8. Interest Basis: [[]% Fixed Rate]

[[] month [EURIBOR/PRIBOR/Compounded Daily SONIA/Compounded Daily SOFR/Weighted Average SOFR]

+/- []% Floating Rate]

[Zero Coupon]

(see paragraph [13])/[14] below)

9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at []% of their nominal amount

(N.B. In respect of Notes for which a prospectus is required to be published under the Prospectus Regulation, the redemption amount will be 100 per cent. of the nominal amount of the Notes)

10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13])/[14] applies and for the period from (and including) [date] to (but excluding) the Maturity Date, paragraph [13])/[14] applies][Not Applicable]

11. Put/Call Options: Issuer Call pursuant to Condition 8.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 16 below]

Issuer Call - Capital Disqualification Event pursuant to Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]

(N.B. Only relevant in the case of Tier 2 Subordinated Notes)

Issuer Call - MREL Disqualification Event pursuant to Condition 8.4 (*Early Redemption due to MREL Disqualification Event*) is [Applicable/Not Applicable]

(N.B. Only relevant in the case of Senior MREL Notes, Tier 2 Subordinated Notes and Senior Non-Preferred MREL Notes)

Clean-up Call pursuant to Condition 8.7 (*Clean-up Call Option*) is [Applicable/Not Applicable]

Investor Put pursuant to Condition 8.8 (*Redemption at the option of the Noteholders*)

(Investor Put) is [Applicable/Not Applicable]
[See paragraph 17 below]

(N.B. Only relevant in the case of Ordinary Senior Notes)

[(further particulars specified below)]

12. Status of the Notes:

(a) Senior: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Status: [Ordinary Senior Notes/Senior MREL Notes/Senior Non-Preferred MREL Notes]

• Events of Default: [Condition 11.1 (*Events of Default relating to Ordinary Senior Notes*) applies] / [Condition 11.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes*) applies]

(b) Subordinated: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

• Status: Tier 2 Subordinated Notes

• Events of Default: [Condition 11.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes*) applies]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Rate(s) of Interest: [[]% per annum payable in arrear on each Interest Payment Date]

(b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]

(c) Fixed Coupon Amount(s): [] per Calculation Amount

(Applicable to Notes in definitive form)

(d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
(Applicable to Notes in definitive form)

(e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(f) Determination Date(s): [[] in each year] [Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last, coupon)

14. Floating Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

(“Specified Period” and “Specified Interest Payment Dates” are alternatives. A “Specified Period”, rather than “Specified Interest Payment Dates”, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert “Not Applicable”)

(b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(c) Additional Business Centre(s): []/[Not Applicable]

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

(e) Calculation Agent responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Principal Paying Agent): []/[Not Applicable]

(f) Screen Rate Determination: [Applicable/Not Applicable]

(If not applicable, delete the remaining items of this subparagraph)

- Reference Rate: [] month [EURIBOR]/
[PRIBOR]/[Compounded Daily
SONIA]/[Compounded Daily SOFR]/[Weighted
Average SOFR]
 - Term Rate [Applicable/Not Applicable]
 - Overnight Rate [Applicable/Not Applicable]
 - Index Determination: [Applicable/Not Applicable]
 - Relevant Number: [[5/[]] [[London Banking Days]/[U.S.
Government Securities Business Days]/[Not
Applicable]
- (If “Index Determination” is “Not Applicable”,
delete “Relevant Number” and complete the
remaining bullets below)*
- (If “Index Determination” is “Applicable”,
insert number of days (expected to be five or
greater) as the Relevant Number, and the
remaining bullets below will each be “Not
Applicable”)*
- D [360/365/[]] / [Not Applicable]
 - Observation Method [Lag/Lock-out/Observation Shift/Not
Applicable]
 - Lag Period: [5 / []] [London Banking Days] [U.S.
Government Securities Business Days] [Not
Applicable]
 - Observation Shift Period: [5 / []] [London Banking Days] [U.S.
Government Securities Business Days] [Not
Applicable]
- (NB: A minimum of 5 relevant business/banking
days should be specified for the Lag Period or
Observation Shift Period, unless otherwise
agreed with the Calculation Agent)*
- Interest Determination Date(s): [] [TARGET/[]] Business Days [in []] prior
to the [] day in each Interest Period/each Interest
Payment Date][The [first/[]] [London Banking
Day]/[TARGET Business Day] / [U.S.
Government Securities Business Day] falling
after the last day of the relevant Observation
Period][The [first/[]] Banking Day falling after
the last day of the relevant Observation Period
(where [**City**] **Banking Day** means any day on
which commercial banks are open for general
business (including dealing in foreign exchange
and foreign currency deposits) in [City])][]

- Relevant Screen Page: *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination [Applicable/Not Applicable]
- (If not applicable, delete the remaining items of this subparagraph (g))*
- (If applicable, and “2021 ISDA Definitions” is selected below, note that “Administrator/Benchmark Event”, “Generic Fallbacks” and “Calculation Agent Alternative Rate Determination” are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a drawdown prospectus for the issue.)*
- ISDA Definitions: [2006/2021] ISDA Definitions
 - Floating Rate Option:
- (If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- Designated Maturity: [Not Applicable]
- (A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)*
- Reset Date:
- (In the case of a EURIBOR based option, the first day of the interest period)*
- Compounding: [Applicable/Not Applicable]
- (If not applicable, delete the remaining items of this subparagraph)*
- Compounding Method: [Compounding with Lookback:
- Lookback: Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]
- [Compounding with Observation Period Shift:
- Observation Period Shift: Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: []/[Not Applicable]]

[Compounding with Lockout:

Lockout: [[] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Lockout Period Business Days: []/[Applicable Business Days]]

- Averaging: [Applicable/Not Applicable]

(If not applicable, delete the remaining items of this subparagraph)

- Averaging Method: [Averaging with Lookback

Lookback: [[] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Averaging with Observation Period Shift

Observation Period Shift: [[] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: []/[Not Applicable]]

[Averaging with Lockout

Lockout: [[] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: []/[Applicable Business Days]

- Index provisions: [Applicable / Not Applicable]

(If not applicable, delete the remaining items of this subparagraph)

- Index Method: Compounded Index Method with Observation Period Shift

Observation Period Shift: [[] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: []/[Not Applicable]

(h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s): [+/-] []% per annum

(j) Minimum Rate of Interest: []% per annum

(k) Maximum Rate of Interest: []% per annum

(l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]

Actual/365 (Fixed)

Actual/365 (Sterling)

Actual/360

[30/360] [360/360] [Bond Basis]

[30E/360] [Eurobond Basis]

30E/360 (ISDA)

15. Zero Coupon Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Accrual Yield: []% per annum

(b) Reference Price: []

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]

[Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Optional Redemption Date(s): [] [Any day falling in the period commencing on (and including) [] and ending on ([and including/but excluding]) []

(For Tier 2 Notes, Optional Redemption Date shall be at least five years after the Issue Date)

(b) Optional Redemption Amount: [] per Calculation Amount

(c) If redeemable in part:

(i) Minimum Redemption []
Amount

(ii) Maximum Redemption []
Amount

(d) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent)

17. Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s) or Put []
Period(s):

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent)

18. Clean-up Call Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Clean-up Call Minimum Percentage: [As per the Conditions/specify]

- (b) Clean-up Call Option Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
- (d) Clean-up Call Effective Date: []
(Only applicable to Tier 2 Subordinated Notes)
19. MREL Disqualification Event: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (MREL Disqualification Event): [] per Calculation Amount
20. Capital Disqualification Event: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (Capital Disqualification Event): [] per Calculation Amount
21. Redemption for tax reasons: [Applicable/Not Applicable]
- (a) Early Redemption Amount payable on redemption for tax reasons: [] per Calculation Amount
22. Final Redemption Amount: [] per Calculation Amount
23. Early Redemption Amount payable on Event of Default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]
- (b) New Safekeeping Structure: [Yes][No]

25. Additional Financial Centre(s): [Not Applicable/[]]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the amount of interest to which sub-paragraph 15(c) relates)

26. Substitution and Variation: [Applicable]/[Not Applicable]

SIGNED on behalf of **J&T BANKA, a.s.:**

By:

Duly authorised

By:

Duly authorised

PART B – OTHER INFORMATION

- 1. LISTING AND ADMISSION TO TRADING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the regulated market of the [Luxembourg Stock Exchange] with effect from [].]/[Not applicable.]

2. RATINGS

[The Notes to be issued [have been]/[are expected to be] rated [] by [*insert the legal name of the relevant credit rating agency entity(ies)*]]

[Not Applicable]

[Each of][*defined terms*] is established in the [EEA] and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)]

[Each of][*defined terms*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 (as amended) as it forms part of UK domestic law by virtue of [the European Union (Withdrawal) Act 2018]/[the EUWA] (the **UK CRA Regulation**)]

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

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

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/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 Issuer and its affiliates in the ordinary course of business./ []./Not Applicable.]

4. REASONS FOR THE OFFER AND TOTAL EXPENSES

- (i) Reasons for the offer: The net proceeds from the issue of Notes will be applied by the Issuer for [*specify use of proceeds*].
- (ii) Estimated net proceeds: []
- (iii) Estimate of total expenses related to admission to trading: []

5. YIELD (Fixed Rate Notes only)

Indication of yield: []/[Not Applicable].

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CFI: [], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National

- Numbering Agency that assigned the ISIN]/Not Applicable/other].
- (iv) FISN: [], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].
- (If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”).*
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] *[include this text for Notes which are to be held under the NSS]* and does not necessarily mean that the Notes 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.]
- [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- (ix) Trade Date []
- 7. DISTRIBUTION**
- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/[]]

- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/[]]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA not applicable]
- (vi) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
- (vii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
- (viii) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]

8. THIRD PARTY INFORMATION

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

ENFORCEMENT OF JUDGMENTS IN THE CZECH REPUBLIC AND REGULATION OF EMERGENCY MEASURES IN THE CZECH REPUBLIC

The Terms and Conditions provide, among other things, that the courts of England and Wales shall have jurisdiction to settle any disputes, which may arise out of or in connection with the Notes. The Issuer appointed Law Debenture Corporate Services Limited as agent for the service of process in England and Wales. As the principal assets of the Issuer are located in the Czech Republic, any judgments rendered in disputes connected with the Notes will likely be enforced in that jurisdiction.

The recognition and enforcement of foreign judgments of civil courts in the Czech Republic is governed by EU law, public international treaties and domestic legislation.

In relations among EU member states, Regulation (EU) 1215/2012, which recast Regulation (EC) 44/2001 (the **Brussels I Recast**), is the governing law on the recognition and enforcement of foreign judgments in the Czech Republic. Based on this regulation, court rulings issued by any court authority in an EU member state with regard to civil and commercial matters are enforceable in the Czech Republic, subject to the rules of the Brussels I Recast and, vice versa, court rulings issued by court authorities in the Czech Republic with regard to civil and commercial matters are reciprocally enforceable in EU member states.

Following the departure of the UK from the EU, as from 1 January 2021, the Brussels I Recast no longer applies to judgments issued by the courts of England and Wales. Instead, judgments handed down by a court of England and Wales in respect to contracts with exclusive jurisdiction clauses should be recognised and enforced in the Czech Republic under the Hague Convention on Choice of Court Agreements 2005 (the **Hague Convention**), to which both the United Kingdom and the Czech Republic are parties (in the case of the Czech Republic by virtue of being a member state of the EU). However, there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under the Brussels I Recast.

According to the EC Regulation No. 593/2008 of 17 June 2008 on the law applicable to contractual obligations, parties to a contract may, subject to the terms set out therein, select the law which will govern their contractual relations in civil and commercial matters and Czech courts will give effect to such choice of law. Unless parties to the dispute agreed otherwise, or unless courts of a different member state have an exclusive jurisdiction, foreign entities are able to bring civil proceedings before Czech courts against individuals and legal entities domiciled therein. In court proceedings, Czech courts apply their respective national procedural rules and their judgments are enforceable in their respective jurisdictions, subject to certain statutory limitations on the ability of creditors to enforce judgments against certain assets.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court a translation in the Czech language (apostilled if applicable pursuant to respective international treaties) of any relevant document prepared by a sworn translator authorised by such court; and (ii) pay a court filing fee.

In the event that court judgments against the Issuer are issued by court bodies of non-EU member states, the following rules shall apply:

In cases where the Czech Republic concluded a treaty with a specific country on the recognition and enforcement of court rulings, the enforcement of court rulings issued in such country is ensured in accordance with the provisions of the applicable international treaty. If no such treaty exists, then the rulings of foreign courts shall be recognized and enforced in the Czech Republic in accordance with the Czech Private International Law Act and other relevant legislation. In the event of a foreign ruling against a Czech individual or legal entity, such a foreign ruling shall be recognized and enforced if, among other things, actual reciprocity has been established regarding the recognition and enforcement of judgments rendered by Czech courts in the relevant country.

The Czech Ministry of Justice may, upon a request of a Czech court, provide the court with declaration that reciprocity has been established with respect to a particular foreign country. If such declaration of reciprocity has not been issued with regard to a particular country, however, this does not automatically mean that reciprocity cannot be established in a given case. In such cases, the recognition of reciprocity would be assessed as part of the proceedings by the Czech court based on the actual situation in a given country with regard to the recognition of judgments of Czech authorities.

On the other hand, even if reciprocity has been established and declared by the Ministry of Justice with respect to judgments issued by judicial bodies of a particular foreign country, such judgments may not be recognized

and enforced under applicable provisions of Czech law if, for example: (i) the matter falls within the exclusive jurisdiction of the courts of the Czech Republic, or in the event that the proceedings on recognition and enforcement could not have been conducted by any authority of a foreign state, should the provisions on the jurisdiction of Czech courts be applied for considering the jurisdiction of the foreign authority (unless the party against whom the decision was issued voluntarily submitted to the authority of the foreign body); (ii) a Czech court has issued or recognized a final judgment in the same matter, or proceedings regarding the same matter are pending before a Czech court; (iii) the foreign authority deprived the party to the proceedings against whom the judgment was made of the opportunity to properly participate in the proceedings (i.e., in particular, if such party had not been duly served for the purposes of the initiation of the proceedings); or (iv) the recognition of a foreign judgment would be contrary to the public order in the Czech Republic.

The Government of the Czech Republic (or the Prime Minister of the Czech Republic, in specific cases) may, under the Czech Constitutional Act. No. 110/1998 Coll., on Security of the Czech Republic, as amended, declare a state of emergency. In line with the Czech Act No. 240/2000 Coll., on Crisis Management and on Amendments of Certain Acts (Crisis Act), as amended, if the state of emergency is declared, payments in foreign currency or abroad generally, interbank transfers of monies from abroad to the Czech Republic and/or sale of securities (including the Notes) abroad may be suspended for the duration of such state of emergency. The state of emergency may be declared for a maximum period of 30 days. The duration, however, may be prolonged subject to prior consent of the Chamber of Deputies of the Parliament of the Czech Republic.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general business purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

SELECTED FINANCIAL INFORMATION OF THE GROUP

Consolidated Statement of Financial Position

	Year ended 31 December	
	2022	2021
	<i>(in CZK million)</i>	
Assets		
Cash and cash equivalents	76,982	68,011
Due from banks and other financial institutions	1,173	5,933
Positive fair value of derivatives	6,889	1,140
Financial assets for trading	6,627	3,998
Financial assets mandatorily at fair value through profit or loss	9,046	8,715
Financial assets at fair value through other comprehensive income	6,682	6,800
Financial assets at amortised cost	4,801	4,759
of which pledged as collateral (repurchase agreements)	4,330	4,346
Loans and advances to customers at amortised cost	106,149	93,154
Loans and advances to customers at fair value through profit or loss	-	14
Investment in associates and joint ventures	10	939
Goodwill	131	37
Investment property	829	830
Property, plant and equipment	3,072	2,351
Intangible assets	238	182
Current income tax receivable	3	174
Deferred tax asset	511	326
Disposal groups held for sale	35	114
Prepayments, accrued income and other assets	4,075	5,774
Total assets	227,253	203,251
Liabilities and equity		
Deposits and loans from banks	10,530	5,272
Deposits from customers	164,022	154,330
Negative fair value of derivatives	3,935	1,699
Financial liabilities at fair value through profit or loss	3	459
Financial liabilities at amortised cost	301	-
Subordinated debt	256	73
Provisions	1,508	1,404
Current income tax liability	1,101	30
Deferred tax liability	61	82
Other liabilities	9,680	13,679
Total liabilities	191,397	177,028
Equity		
Share capital	10,638	10,638
Retained earnings and other reserves	16,337	10,228
Other equity instruments	8,868	3,897
Equity	35,843	24,763
Non-controlling interest	13	1,460
Total equity	35,856	26,223
Total equity and liabilities	227,253	203,251

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2022	2021
	<i>(in CZK million)</i>	
Interest income calculated using the effective interest rate method	11,306	5,980
Other interest income	357	219
Interest expense	(4,625)	(1,734)
Net interest income	7,038	4,465
Fee and commission income	2,215	1,953
Fee and commission expenses	(324)	(348)
Net fee and commission income	1,891	1,605
Net trading income	2,154	(133)
Other operating income	436	207
Operating income	11,519	6,144
Personnel expenses	(1,723)	(1,348)
Other operating expenses	(1,764)	(1,387)
Depreciation and amortisation	(268)	(188)
Operating expenses	(3,755)	(2,923)
Profit before allowances, provisions and income tax	7,764	3,221
Net loss from changes of loans and other receivables	(115)	-
Net change in loss allowances for financial instruments	(3,032)	(572)
Profit before tax, excluding profit from equity accounted investees	4,617	2,649
Profit/Loss from equity accounted investees, net of tax	142	654
Profit before tax	4,759	3,303
Income tax	(1,379)	(499)
Profit for the period	3,380	2,804
Attributable to:		
Shareholders of the parent company	3,270	2,277
Non-controlling interest	110	527
Profit for the period	3,380	2,804
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss:		
Revaluation reserve – financial assets at fair value through other comprehensive income – debt instruments		
Remeasurement to fair value	(745)	(98)
Revaluation recycled to profit or loss	20	-
Expected credit losses	647	(11)
Related tax	47	21
Foreign currency translation differences	353	(39)
Other comprehensive income – items that will not be reclassified to profit or loss in subsequent periods:		
Revaluation reserve – financial assets at fair value through other comprehensive income – equity instruments		
Remeasurement to fair value	(104)	91
Related tax	22	(19)
Other comprehensive income for the period, net of tax	240	(55)
Total comprehensive income for the period	3,620	2,749
Attributable to:		
Shareholders of the parent company	3,510	2,222
Non-controlling interest	110	527
Total comprehensive income for the period	3,620	2,749

Consolidated Statement of Cash Flows

	Year ended	
	31 December	
	2022	2021
	<i>(in CZK million)</i>	
Cash flows from operating activities		
Profit before tax from continuing operations	4,759	3,303
Adjustments for:		
Depreciation and amortisation	268	188
Net loss from changes of loans and other receivables	115	-
Net change in loss allowances for financial instruments	3,032	572
Profit/(loss) from sold intangible assets and property, plant and equipment	(51)	56
Profit/(loss) from equity accounted investees	(142)	(654)
Unrealised foreign exchange gains/(losses), net	292	43
Change in revaluation of financial assets at fair value through profit or loss	349	401
(Increase) / decrease in operating assets:		
Due from banks and other financial institutions	4,758	(3,578)
Loans and other advances to customers	(16,190)	5,244
Financial assets at FVTPL	(3,184)	4,166
Prepayments, accrued income and other assets	1,361	(4,200)
Disposal groups held for sale	79	405
Increase / (decrease) in operating liabilities:		
Deposits and loans from banks	5,233	2,637
Deposits from customers	9,973	15,710
Other liabilities	(3,885)	4,909
Financial liabilities at fair value through profit or loss	(456)	429
Net increase / (decrease) in fair values of derivatives		
Fair value of derivative instruments	(3,513)	858
Tax effect		
Income tax expenses paid	(315)	(479)
Net cash flows from operating activities	2,483	30,010
Cash flows from investing activities		
Acquisition of property plant and equipment and intangible assets	(244)	(234)
Acquisition of subsidiaries (excl. cash acquired)	(1,171)	(21)
Disposal of subsidiaries (excl. cash disposed)	701	-
Financial assets at amortized cost – proceeds	12	11
Financial assets at amortized cost – acquisition	-	(4,523)
Financial assets measured at FVOCI – proceeds	2,599	3,606
Financial assets measured at FVOCI – acquisition	(4,075)	(3,168)
Net cash flows used in investing activities	(2,178)	(4,329)
Cash flows from financing activities		
Proceeds from capital contribution	2,913	-
Issue of other equity instruments	4,971	1,300
Proceeds from bond issue	300	-
Dividends paid	(43)	-
Distribution of income from other equity instruments	(319)	(230)
Repayment of subordinated debt	-	(143)
Proceeds from subordinated debt issue	185	-
Lease liabilities paid	(47)	(48)
Net cash flows from financing activities	7,960	879
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	68,011	41,519
Effects of exchange rate fluctuations on cash held	706	(68)
Cash and cash equivalents at end of period	76,982	68,011
Cash flows from operating activities include:		
Interest received	11,155	5,652
Interest paid	3,768	1,290
Interest paid / lease liabilities	13	2

The Group does not hold any cash and cash equivalents that are not available for use by the Group.

DESCRIPTION OF THE ISSUER AND THE GROUP

1. INFORMATION ABOUT THE ISSUER

General Information about the Issuer

Business name:	J&T BANKA, a.s.
Registration:	Registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B 1731
ID No.:	471 15 378
LEI:	31570010000000043842
Incorporation date:	13 October 1992
Registered office:	Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic
Legal form:	joint-stock company
Applicable law:	law of the Czech Republic
Telephone number:	+420 221 710 111
E-mail:	info@jtbank.cz
Website:	www.jtbank.eu

The information on the Issuer's website is not part of this Base Prospectus, unless such information is incorporated into this Base Prospectus by reference.

Laws and regulations governing the Issuer:	These mainly include the following: <ul style="list-style-type: none">• Act No. 21/1992 Coll., on Banks, as amended (the Czech Banking Act);• Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (the Czech Capital Markets Act);• Act No. 89/2012 Coll., Civil Code, as amended; and• Act No. 90/2012 Coll., on Companies and Cooperatives (Act on Business Corporations), as amended (the Act on Business Corporations).
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History and Development of the Issuer and the Group

The activities of the Issuer commenced on 13 October 1992 under the business name Podnikatelská banka, a.s. In 1998, J&T Finance Group, a.s. (a Slovak-based predecessor of J&T FINANCE GROUP SE) acquired 100% of the shares in Podnikatelská banka, a.s. and Podnikatelská banka, a.s. became part of J&T FINANCE GROUP. Other important milestones in terms of the Group's activities include:

2003	Extension of the banking licence to include the investment firm licence
2006	Opening a branch in Bratislava, Slovakia
2007	Acquisition of 100% shares in the Russian bank Tretij Rim ZAO, later renamed as J&T Bank, a.o.
2009	The Issuer begins to accept retail deposits (subject to a CZK 500,000 minimum)
2011	Establishment of J&T IB and Capital Markets, an investment banking subsidiary of the Issuer and J&T INVESTIČNÍ SPOLEČNOST, an asset management subsidiary of the Issuer CZK 1.5 billion share capital increase by J&T FINANCE GROUP SE
2013	CZK 5.7 billion share capital increase by J&T FINANCE GROUP SE
2014	Acquisition of 58.33% shares in the Croatian bank Vaba d.d. banka Varaždin

- 2015** An agreement is signed with the Chinese conglomerate CEFC Group (**CEFC**) based on which CEFC acquires 9.9% shares in J&T FINANCE GROUP SE by way of a share capital increase. The agreement anticipates multiple steps through which CEFC can ultimately increase its ownership interest in J&T FINANCE GROUP SE up to 50%.
- 2018** The process of CEFC's capital entry into J&T FINANCE GROUP SE is stopped. Rainbow Wisdom Investment Limited, a company controlled by the Chinese CITIC Group Corporation, takes over the CEFC's 9.9% shares in J&T FINANCE GROUP SE
- 2019** Ownership interest in J&T banka d.d. (formerly Vaba d.d. banka Varaždin) increased to 96.03%
- 2020** The Issuer moves into a new head office at Sokolovská 700/113a, 186 00 Prague 8
- 2022** The Issuer becomes the sole shareholder of J&T banka d.d.
The Issuer increases its ownership interest in AMISTA investiční společnost, a.s. (**AMISTA**) to 80%
- 2023** Moody's assigns the Issuer Baa2/P-2 long- and short-term bank deposits ratings (stable outlook)
The Issuer opens a fully digital branch in Germany under the name J&T BANKA, a.s. Zweigniederlassung Deutschland (brand name J&T Direktbank), intended primarily for deposit collection

Position of the Issuer within the Group

In terms of the Issuer's position in the Group, the Issuer is the controlling person of the other companies within the Group. The Issuer's results represent the substantial majority share in the Group's results, thus making the Group's results highly dependent on the results achieved by the Issuer.

The following tables highlight the contribution of the Issuer's individual results to the consolidated results of the Group for the years ended 31 December 2022 and 31 December 2021.⁸

<i>(in CZK million unless indicated otherwise)</i>		31 December 2022	31 December 2021
Loans and advances to customers	Consolidated	106,149	93,154
	Issuer	103,644	88,265
	Issuer as % of consolidated	98%	95%
Deposits from customers	Consolidated	164,022	154,330
	Issuer	159,575	149,306
	Issuer as % of consolidated	97%	97%
<i>(in CZK million unless indicated otherwise)</i>		For the year 2022	For the year 2021
Net interest income	Consolidated	7,038	4,465
	Issuer	6,641	3,960
	Issuer as % of consolidated	94%	89%
Net fee and commission income	Consolidated	1,891	1,605
	Issuer	1,414	1,214
	Issuer as % of consolidated	75%	76%

Recent Developments Particular to the Issuer which are to a Material Extent Relevant to an Evaluation of the Issuer's Solvency

The Issuer is not aware of any developments particular to the Issuer or the any other member of the Group which are to a material extent relevant to an evaluation of the Issuer's solvency.

⁸ Individual financial information of the Issuer is derived from the Issuer's individual financial statements for the year 2022 and 2021 prepared in accordance with IFRS.

Rating of the Issuer or its Debt Securities

In January 2023, Moody's assigned Baa2/P-2 long- and short-term bank deposits ratings as well as Baa1/P-2 long- and short-term Counterparty Risk Ratings (CRR) and Baa1(cr)/P-2(cr) long- and short-term Counterparty Risk Assessments to the Issuer. The outlook on the Issuer's long-term deposit rating is stable.

Moody's assigns long-term obligation ratings at the following levels: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C. To each generic rating category from Aa to Caa, Moody's adds the numerical modifiers "1", "2" and "3". The modifier "1" indicates that the bank is in the higher end of its letter-rating category, the modifier "2" indicates a mid-range ranking and the modifier "3" indicates that the bank is in the lower end of its letter-rating category. Moody's also has the option of adding further guidance (referred to as "under review") as to whether a rating is likely to be upgraded (possible upgrade), downgraded (possible downgrade) or uncertain (direction uncertain). Outlooks assigned indicate the direction of any pressure. Characteristics are positive, negative, stable and developing. Moody's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations and range from P-1, P-2, P-3 (Prime) down to NP (Not Prime).

2. BUSINESS OVERVIEW

Overview

The Issuer is a Czech bank under the relevant provisions of the Czech Banking Act. In accordance with its banking licence, the Issuer's principal activities include, among other things, acceptance of deposits from the general public, granting loans and providing other financing (e.g. financial leasing), issuance of guarantees, opening letters of credit, trading and investing in securities and other financial instruments (both for its own as well as the clients' account), financial brokerage services, provision of certain investment services under the Czech Capital Markets Act, acting as depositary, issuance and administration of payment instruments, payments processing and clearing services, rental of safe-deposit boxes and other activities directly associated with the activities listed in the Issuer's banking license.

The subsidiaries of the Issuer, J&T INVESTIČNÍ SPOLEČNOST and AMISTA each operate on the basis of a licence obtained from the CNB pursuant to the Czech Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended.

Reporting Segments

The Group's reporting segments according to IFRS 8 are:

- (a) banking (categorised by country);
- (b) asset management;
- (c) real estate; and
- (d) other.

The following tables set out the breakdown of the operating income of the Group by individual reporting segments as at 31 December 2022 and 31 December 2021.

Operating Income by Reporting Segments as at 31 December 2022 (in CZK millions)

	Banking CR	Banking SR	Banking RU	Banking HR	Asset management	Real estate	Leasing	Other	Total
Net interest income	6,658	(148)	307	50	62	(13)	134	(12)	7,038
Inter-segment	(626)	768	(7)	(4)	-	5	(75)	(60)	1
Net fee and commission income	976	150	4	2	759	-	-	-	1,891
Inter-segment	287	-	-	12	(285)	-	(8)	(1)	5
Net income/(loss) from trading and investments	1,914	(24)	213	5	1	99	1	(55)	2,154
Inter-segment	(428)	16	-	27	-	(6)	26	-	(365)
Other operating income	(93)	1	30	9	(6)	148	25	322	436
Inter-segment	(82)	89	(27)	-	(6)	27	-	7	8
Operating income	9,445	(21)	554	66	816	234	160	255	11,519

Operating Income by Reporting Segments as at 31 December 2021 (in CZK millions)

	Banking CR	Banking SR	Banking RU	Banking HR	Asset management	Real estate	Leasing	Other	Total
Net interest income	4,055	(114)	287	84	89	(13)	72	5	4,465
Inter-segment	(444)	474	-	(6)	(1)	(4)	(19)	-	-
Net fee and commission income	931	135	10	4	525	-	-	-	1,605
Inter-segment	148	-	-	5	(151)	-	-	-	2
Net income/(loss) from trading and investments	(27)	2	(17)	9	4	(6)	-	(98)	(133)
Inter-segment	(4)	-	-	-	-	7	13	-	4
Other operating income	(83)	1	27	19	(5)	180	11	57	207
Inter-segment	(35)	44	(27)	-	(8)	27	-	3	4
Operating income	4,876	24	307	116	613	161	83	(36)	6,144

Business Lines and Categories of Services Provided

The Issuer provides corporate and investment banking, private banking and asset management services primarily to affluent Czech and Slovak clientele, connecting client capital with market opportunities by combining suitable products and services it can deliver. The Issuer strategically focuses on clients and services requiring a significant degree of individual approach. Its principal competitive advantage lies in its ability to provide tailor-made solutions with an emphasis on flexibility and speed of execution and in the in-house capability to arrange financing across the whole capital structure: senior debt, junior/hybrid capital as well as equity. Its private banking clientele considerably enhances its financial firepower and, hence, relevance to its clients. Leveraging its long-standing relationships with an affluent entrepreneurial clientele, the Issuer has built a highly recognised private and corporate banking franchise and is also a leading player in domestic securities underwriting and placement in the Czech Republic and Slovakia.⁹

Net interest income from lending activities represents the Issuer's as well as the Group's most significant revenue stream, followed by net fees and commissions and other (including trading) income. In 2022, the Group's consolidated operating income amounted to CZK 11,519 million (up 87% year-on-year from CZK 6,144 million in 2021). This was comprised of CZK 7,038 million net interest income (up 58% year-on-year from CZK 4,465 million in 2021), CZK 1,891 million net fees and commissions (up 18% year-on-year from CZK 1,605 million in 2021) and CZK 2,590 million other operating income (including net income from trading and investments) (up 3,400% year-on-year from CZK 74 million in 2021). On a relative basis, net interest income constituted 61% (72.7% in 2021), net fees and commissions constituted 16% (26% in 2021) and other operating income (including net income from trading and investments) constituted 22.5% (1% in 2021) of the Group's consolidated operating income in 2022. The main categories of services provided to clients within the Issuer's business lines are summarised below.

⁹ Source: List of Issues published by the Central Securities Depository Prague. Online data published by the PSE. Issuer's data.

As at 31 December 2022, the Group's share of non-performing exposures on a consolidated basis stood at 6.1% of its gross loan book (2021: 7.5%).

Corporate Banking

Corporate banking services primarily include structured and project financing (bridge, term and, to a smaller extent also, mezzanine loans), syndicated lending, margin lending, working capital financing and various related treasury products (e.g. hedging) to companies owned by affluent and high profile entrepreneurial clientele. The Issuer mainly finances business activities of its private banking clients and their projects across sectors and corporate acquisitions and restructurings in markets where it has considerable business experience.

The following table shows the Group's exposures to clients by geographic location of project implementation and collateral as at 31 December 2022 and 31 December 2021.

<i>(in CZK million)</i>	31 December 2022	31 December 2021
Czech Republic	48,897	44,002
Slovakia	11,453	6,568
Germany	8,999	6,404
United Kingdom	8,784	3,909
Croatia	6,256	6,694
USA	3,503	3,037
Spain	3,451	2,602
Cyprus	2,473	488
Slovenia	1,687	1,362
Poland	1,659	1,272
Austria	1,555	3,269
The Netherlands	1,536	430
France	1,199	3,602
Russia	669	1,694
Ukraine	186	1,899
Other	3,842	5,922
Total	106,149	93,154

The following table shows the Group's exposures to clients by industry sector as at 31 December 2022 and 31 December 2021.

<i>(in CZK million)</i>	31 December 2022	31 December 2021
Real estate activities	21,989	23,562
Cultural, sports, entertainment and recreation activities	11,525	8,965
Construction	11,183	7,050
Financial activities	11,135	9,523
Manufacturing	10,237	4,537
Wholesale and retail	8,498	11,868
Transportation and storage	8,461	1,396
Production and distribution of electricity, gas and heat	7,703	7,841
Accommodation and food service activities	5,181	5,424
ICT	3,566	4,510
Other	6,671	8,478
Total	106,149	93,154

Investment Banking

Investment banking services primarily include arrangement of financing, both debt (bonds, private placements and commercial paper programmes) and equity (initial public offerings, secondary offerings), advisory on mergers and acquisitions and general corporate finance advisory. These services are provided via the Issuer's wholly owned subsidiary, J&T IB and Capital Markets. The Issuer also provides services related to trading and investing in financial markets instruments, economic research, brokerage and custody and fiscal and paying agency services.

Private Banking

Private banking services include deposit products (whereas initial minimum deposit amounts range from CZK 100,000 to CZK 1 million, depending on whether or not the client already uses certain investment products offered by the Issuer or its subsidiaries), wealth management and structuring, family office services, discretionary portfolio management, J&T Concierge (arranging business travel, visits to high profile social, cultural or leisure events, etc. for, high net worth, clientele) and issuance of Mastercard branded payment cards (Silver, Gold, World Elite for individuals and Business and BusinessGold for legal entities).

Asset Management

Acting primarily through its subsidiaries J&T INVESTIČNÍ SPOLEČNOST and – since 2022 – also AMISTA, the Issuer offers asset management services to retail and institutional investors. These include a variety of open- and closed-ended funds which allow investing into all types of financial assets (e.g. bonds, stocks, exchange-traded funds, etc.), physical assets (e.g. precious metals) and alternative assets (e.g. venture capital, private equity, art).

In 2020, J&T INVESTIČNÍ SPOLEČNOST launched J&T Arch Investments SICAV, an evergreen fund of funds with private equity type of investment exposure allowing clients (qualified investors) to co-invest alongside Patrik Tkáč and other J&T FINANCE GROUP business partners. Since May 2021, the shares in J&T Arch Investments SICAV have been traded on the Prague Stock Exchange. In 2022, the J&T Arch Investments SICAV shares were the fifth most traded security on the Prague Stock Exchange by volume behind ČEZ, Komerční banka, Erste Group Bank and Moneta Money Bank.¹⁰ As at 31 December 2022, J&T Arch Investments SICAV had assets under management of more than CZK 31 billion.

Share Capital of the Issuer

As of the date of this Base Prospectus, the share capital of the Issuer amounts to CZK 10,638,127,000 and has been fully paid. The share capital of the Issuer composes of 700,000 ordinary shares with the nominal value of CZK 1.43 each and 10,637,126 ordinary shares with the nominal value CZK 1,000 each which do not have any special rights associated with them. Ordinary shares include the entitlement to participate in the Issuer's governance and the entitlement to a share on profit.

Funding

The Issuer funds its lending activities predominantly with client deposits as do its banking subsidiaries. The Croatian subsidiary of the Issuer, J&T banka d.d., has an EUR 10 million liquidity line with the Issuer which is very rarely used (no utilization over the past twelve months). The Russian subsidiary of the Issuer, J&T Bank, a.o., is fully self-funded. Securities issuance (i.e. wholesale funding) is minimal and has been driven by capital management considerations rather than funding needs.

Client deposits consist of term deposits, deposits cancellable with notice and savings and current accounts. Only term deposits (the remaining term), cancellable deposits (the notice period) and the sticky layer of savings and current accounts are used for funding.

Client deposits are mainly CZK and EUR denominated whereas the loan book is mainly EUR denominated. The CZK denominated deposits are, therefore, swapped into EUR using FX or cross-currency swaps to match the foreign exchange structure of the loan book.

The Issuer also uses two German platforms, Savedo and Raisin, from which it raised deposits amounting to CZK 13.3 billion (approx. EUR 532 million) as at 31 December 2022 (2021: CZK 16.8 billion), which represents 8% of consolidated customer deposits (2021: 11%).

In March 2023, the Issuer opened a branch in Germany which will operate under J&T Direktbank brand. J&T Direktbank is a pure digital bank allowing German clients to open term and savings accounts using a simple online banking app. Deposits collected through J&T Direktbank should further enhance client diversification and gradually replace Savedo and Raisin. The Issuer aims to raise up to 30% of its deposits through J&T

¹⁰ Source: Statistics of the PSE on the turnover of shares available at: <https://www.pse.cz/en/market-data/statistics/issues-volume-summary>.

Direktbank within the period of the next three to five years, with the main focus being on savings accounts in the initial years and gradually also on fixed-term euro-denominated deposits. Simultaneously with the growth of the client portfolio, the Issuer will consider the possibilities of also offering its investment products to the German market.

Capital Management of the Issuer

The Issuer's strategy is to hold a strong capital base in order to maintain the confidence of creditors and market counterparties, while ensuring the future development of the Issuer's business.

The capital adequacy ratios are calculated in accordance with the CRR.

Regulatory capital of the Issuer consists of the following:

- (a) Tier 1 capital, which consists of:
 - (i) CET1, which includes paid-up ordinary share capital, share premium, retained earnings (profit for the period is not included), accumulated other comprehensive income, other temporary adjustments CET1, net of goodwill, intangible assets and additional value adjustments; and
 - (ii) AT1, which includes instruments (subordinated income certificates) issued in accordance with the CRR; and
- (b) Tier 2 capital, which consists of eligible subordinated debt approved by the CNB.

The capital adequacy ratios are calculated for CET1, Tier 1 capital and total regulatory capital. The value represents the ratio of capital to risk weighted assets (the **RWAs**). CNB also requires every institution to hold additional capital conservation buffer of 2.5% and countercyclical buffer on all the levels of regulatory capital. As at the date of this Base Prospectus, the Issuer complies with all aforementioned requirements.

The specific countercyclical capital buffer rate is calculated in accordance with Section 63 of the Prudential Rules Decree and is calculated as a weighted average of the countercyclical buffer rates in effect in the jurisdictions to which the Issuer has relevant risk exposures.

The following table sets out the minimum capital adequacy requirements of the Issuer on an individual basis as at 31 December 2022 and 31 December 2021.

Minimum Capital Requirements of the Issuer as at 31 December 2022 and 31 December 2021 (in %)

	Minimum Requirement	Capital Conservation Buffer	Countercyclical Buffer	Total Requirement
Common Equity Tier 1 capital (CET1)	4.5%	2.5%	0.72%	7.72%
Tier 1 capital	6.0%	2.5%	0.72%	9.22%
Total regulatory capital 2022	8.0%	2.5%	0.72%	11.22%
Common Equity Tier 1 capital (CET1)	4.5%	2.5%	0.36%	7.36%
Tier 1 capital	6.0%	2.5%	0.36%	8.86%
Total regulatory capital 2021	8.0%	2.5%	0.36%	10.86%

The following table sets out the capital adequacy ratios of the Issuer on an individual basis as at 31 December 2022 and 31 December 2021.

Capital Adequacy Ratio of the Issuer as at 31 December 2022 and 31 December 2021 (in %)

	31 December 2022	31 December 2021
Common Equity Tier 1 capital (CET1)	14.19%	14.45%
Tier 1 capital	20.22%	17.62%
Total regulatory capital	20.36%	17.65%

The Issuer has, at the date of this Base Prospectus, issued subordinated unsecured certificates (in Czech, *podřízené nezajištěné certifikáty*) with total nominal amount of CZK 8,868 million (31 December 2021: CZK

3,897 million), which qualify as AT1 instruments of the Issuer and are accounted for as Tier 1 capital of the Issuer. The certificates were issued under Czech law and placed with retail investors on the Czech market.

The following table sets out the regulatory capital of the Issuer on an individual basis as at 31 December 2022 and 31 December 2021.

Regulatory Capital Composition of the Issuer as at 31 December 2022 and 31 December 2021
(in CZK millions)

	31 December 2022	31 December 2021
Total Tier 1 capital	29,748	21,693
Total Tier 2 capital	208	42
Total regulatory capital	29,956	21,735

Resolution Strategy

The Issuer is part of J&T FINANCE GROUP which uses the MPE approach with two resolution groups and resolution entities: the Issuer and 365. bank, a.s. The indicative targets based on risk weighted assets prescribed by the CNB (excluding the combined capital buffer) applicable to the Issuer have been set as follows: 13.3% at 1 January 2022, 14.8% as at 1 January 2023 and 16.5% as at 1 January 2024. The CNB's prescription does not specifically require the Issuer to cover the MREL requirement by a subordinated instrument.

The following table sets out the required capital structure of the Issuer on an individual basis.

Total Management Capital Target on an individual basis (in %)

	1 January 2022	1 January 2023	1 January 2024
CRR requirement	8.0	8.0	8.0
SREP requirement	3.0	3.7	3.7
Countercyclical Buffer	0.4	0.9	1.3
Capital Conservation Buffer	2.5	2.5	2.5
Pillar 2 Guidance	0.0	0.5	0.5
Total regulatory capital requirement	13.9	15.6	16.0
Management capital buffer	0.5	1.0	1.0
Total management capital target	14.4	16.6	17.0

The following table sets out the MREL requirement of the Issuer expressed as a percentage of the total volume of risk exposure (TREA approach):

TREA approach MREL Requirement (in %)

	1 January 2022	1 January 2023	1 January 2024
MREL requirement	13.3	14.8	16.5
Countercyclical Buffer	0.4	0.9	1.3
Capital Conservation Buffer	2.5	2.5	2.5
Total regulatory capital requirement	16.2	18.2	20.3
Management capital buffer	0.5	1.0	1.0
Total management capital target	16.7	19.2	21.3

The following table sets out the MREL requirement expressed as a percentage of the sum of capital and eligible liabilities of the total volume of exposures (TEM approach):

TEM approach MREL requirement (in %)

	1 January 2022	1 January 2023	1 January 2024
Loss Absorption Amount	3.00	3.00	3.00
Recapitalization Amount	0.7	1.1	1.3
MREL requirement	3.7	4.1	4.3

The Issuer has, as at the date of this Base Prospectus, issued senior preferred MREL-eligible notes under Czech law in the total outstanding nominal amount of CZK 300 million. These were privately placed with investors on the Czech market.

Market Position and Competition

Corporate Banking

Because the Czech Republic is the Issuer's most important market and the Issuer does not provide any retail loans, the best proxy for the Issuer's market position is to assess its share of the overall Czech banking sector's corporate lending and its share of the overall Czech banking sector's retail deposits. As at 31 December 2022, the Issuer's loans and advances to customers on an individual basis amounted to CZK 103.6 billion and customer deposits on an individual basis amounted to CZK 159.6 billion. According to the data published by the CNB as at the same date for the Czech banking sector as a whole, total loans and advances granted by banks to non-financial corporates in the Czech Republic amounted to CZK 1,236.4 billion¹¹ and deposits of individuals (residents) in all currencies amounted to CZK 3,396.4 billion¹². Therefore, based on these calculations, the Issuer has an approximately 8.4% market share in corporate lending and 4.7% market share in retail deposits in the Czech banking sector.

Investment Banking and Financial Markets

The Issuer's annual trading volume on the Prague Stock Exchange (**PSE**) in 2022 was CZK 19.3 billion in equities and CZK 12.7 billion in bonds¹³. With the total trading volume of the PSE members in 2022 reaching CZK 332.3 billion in equities and CZK 13.9 billion in bonds¹⁴, the Issuer's share in 2022 was approximately 6% in equities and 92% in bonds, respectively.

Asset Management

According to the data published by the Czech Capital Markets Association (AKAT)¹⁵, assets under management by Czech asset managers across all funds regardless of type, instrument and geography as at 31 December 2022 amounted to CZK 1,910.4 billion. As at the same date, assets under management by J&T INVESTIČNÍ SPOLEČNOST and AMISTA – the two key asset management subsidiaries of the Issuer – amounted to CZK 63.9 billion and CZK 31.4 billion, respectively. Therefore, the Issuer has an approximately 5% combined market share in the overall Czech collective investment undertakings market.

The Issuer focuses on funds of qualified investors. Assets under management in this sub-segment of the Czech collective investment undertakings market as at 31 December 2022 amounted to CZK 257.9 billion, representing approximately 14% of total assets under management by Czech asset managers. As at the same date, assets in funds of qualified investors managed by J&T INVESTIČNÍ SPOLEČNOST and AMISTA amounted to CZK 54.6 billion and CZK 31.4 billion, respectively, making the Issuer the largest player in this sub-segment of the Czech collective investment undertakings market with a 33% combined market share.

3. ORGANISATIONAL STRUCTURE

The Group

The graphic below shows the companies comprising the Group as at the date of this Base Prospectus.

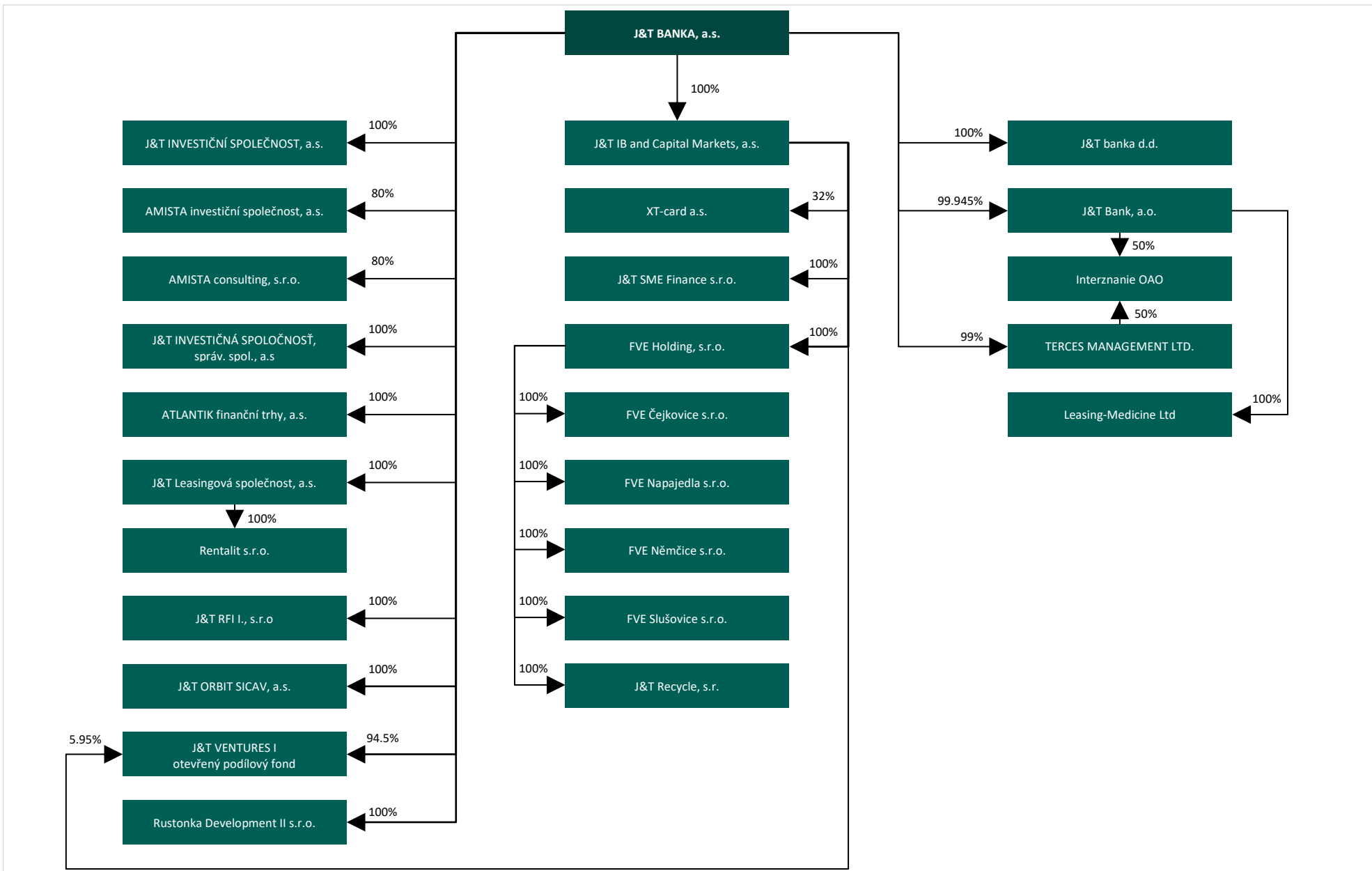
¹¹ Source: Database of the CNB. Available at: <https://www.cnb.cz/docs/ARADY/HTML/index.htm>. (Database of time series – Statistical data – Monetary and financial statistics – Banking statistics (commercial banks) – Loans – Client – Non-financial corporations).

¹² Source: Database of the CNB. Available at: <https://www.cnb.cz/docs/ARADY/HTML/index.htm>. (Database of time series – Statistical data – Monetary and financial statistics – Banking statistics (commercial banks) – Deposits – Clients – Households).

¹³ Source: Prague Stock Exchange. Statistical Files. Available at: <https://www.pse.cz/en/market-data/statistics/statistics-files>.

¹⁴ Source: Prague Stock Exchange. Statistical Files. Available at: <https://www.pse.cz/en/market-data/statistics/statistics-files>.

¹⁵ Source: Information published by the Czech Capital Markets Association (AKAT). Available (in Czech only) at: <https://www.akatcr.cz/Dokumenty/Aktuality/v253rocn237-tiskov225-zpr225va-akat-investice-do-fondu-v-cesk201-republice-prekrocily-hranici-jednoho-bilionu-kc-3>



Significant subsidiaries of the Issuer

As set out above, the Issuer's results represent the substantial majority share in the Group's results where the Issuer's individual results comprised 98% of the Group's consolidated loans and advances to customers as at 31 December 2022 (95% as at 31 December 2021), 97% of the Group's consolidated deposits from customers as at 31 December 2022 (97% as at 31 December 2021), 94% of the Group's consolidated net interest income for the year 2022 (89% for the year 2021) and 75% of the Group's consolidated net fee and commission income for the year 2022 (76% for the year 2021). In addition the Issuer has the following significant subsidiaries within the Group.

J&T Bank, a.o.

J&T Bank, a.o. is a Russia-based subsidiary of the Issuer that carries out banking activities such as accepting deposits from legal entities, opening and operating bank accounts for legal entities, payment and settlement, issuing and managing payment instruments, foreign exchange activities (foreign currency purchase) and providing bank guarantees. J&T Bank, a.o. became part of the Group in 2011, when the Issuer acquired 99.125% share in its share capital and voting rights.

J&T Bank, a.o. is fully self-funded and, following the Invasion of Ukraine, suspended all new lending and deposit taking activities and has since been running-off its loan portfolio and placing excess liquidity with the Russian central bank. Discussions about a potential disposal of J&T Bank, a.o. are on-going, although – given the current situation (including international sanctions being put in place and the need to obtain consent from the Russian central bank) – the outcome is difficult to predict. For more detail on the exposure of the Issuer and the Group to Russia and Ukraine please see (*Risk Factors – Risks related to the Group's exposure to Ukraine and Russia*).

J&T banka d.d.

J&T banka d.d. is a Croatia-based subsidiary of the Issuer whose scope of business is to accept all types of deposits, to grant all types of loans, to trade on its own account or on account of its customers, to conduct payment transactions within the country and to issue bank guarantees.

J&T INVESTIČNÍ SPOLEČNOST

The scope of business of the Czech Republic-based subsidiary of the Issuer, J&T INVESTIČNÍ SPOLEČNOST, is the management and administration of investment funds.

J&T IB and Capital Markets

J&T IB and Capital Markets is a Czech Republic-based subsidiary of the Issuer that provides investment banking services. Specifically, it focuses on structuring and arrangement of debt financing (e.g., bonds, syndicated loans, private placements and commercial paper programmes) and equity financing (e.g., initial and secondary public offerings and private placements) and corporate finance advice (e.g., mergers and acquisitions advisory, strategic advisory, etc.).

AMISTA

AMISTA is a Czech Republic-based subsidiary of the Issuer and is a leading investment company and one of the largest Czech managers and administrators of funds for qualified investors in terms of assets under management, according to the information published by the Czech Capital Market Association.¹⁶

Sole Shareholder

The sole shareholder and ultimate parent company of the Issuer, and consequently the Group, is J&T FINANCE GROUP SE. J&T FINANCE GROUP SE and, consequently, J&T FINANCE GROUP (as defined below), is owned by Jozef Tkáč (45.05%), Ivan Jakobovič (45.05%) and Rainbow Wisdom Investments, which is controlled by CITIC Group Corporation from China and holds a 9.9% non-controlling ownership interest.

¹⁶ Source: Data published by the Czech Capital Market Association. Available at: <https://www.akatcr.cz/en-gb/>.

During the second quarter of 2023, it is envisaged that Štěpán Ašer and Igor Kováč might become minority shareholders in J&T FINANCE GROUP SE, each acquiring a 4.95% ownership interest from Ivan Jakabovič, respectively. Following these changes in the ownership structure of J&T FINANCE GROUP SE, both Štěpán Ašer and Igor Kováč would likely leave their existing positions in the Issuer's Board of Directors within the next 6 – 18 months in order to fully focus on their responsibilities as Members of the Board of Directors of J&T FINANCE GROUP SE. These changes have been planned in advance in order to ensure an orderly transition. The candidates that would replace Štěpán Ašer and Igor Kováč are subject to a regulatory review process. As such, they will be announced once this regulatory review process is completed.

The Issuer is controlled solely on the basis of ownership of 100% of the share capital. The Issuer is not aware that control of the Issuer would be based on any form of control other than an ownership interest in the Issuer's share capital.

The Issuer has an internal management and control system in place to ensure the autonomy and integrity of the Issuer's decision-making processes. The organisation of the internal management and control system is described in Article 16 of the current Articles of Association.

The Issuer's internal control system is a unified, internally structured and rationally arranged system of activities and organisational, technical and technological measures, and is part of the Issuer's organisational structure and management system.

The main objective of the control system is to identify deviations between the actual and the desired state, and, after their analysis, to make recommendations to eliminate the identified deficiencies.

The Issuer's internal control system is a process carried out by all management links of the Issuer's organisational structure. The internal control system consists of:

- (a) the Board of Directors and the Supervisory Board;
- (b) senior employees at all levels of management;
- (c) Internal Audit and Control Department;
- (d) Compliance and AML Department (AML - anti money laundering, i.e. measures against legalisation of proceeds of criminal activities); and
- (e) Audit Committee (AC).

The functionality of this internal management and control system is subject to supervision and evaluation by the CNB and is audited annually by the internal audit function of the Issuer.

The Issuer is not aware of any mechanisms or arrangements that could lead to a change in the control over the Issuer.

Employees

As at 31 December 2022, the Group had on average 940 full-time equivalent employees (875 as at 31 December 2021), of which 644 were employed by the Issuer (581 as at 31 December 2021) and 296 were employed by other members of the Group (294 as at 31 December 2021).

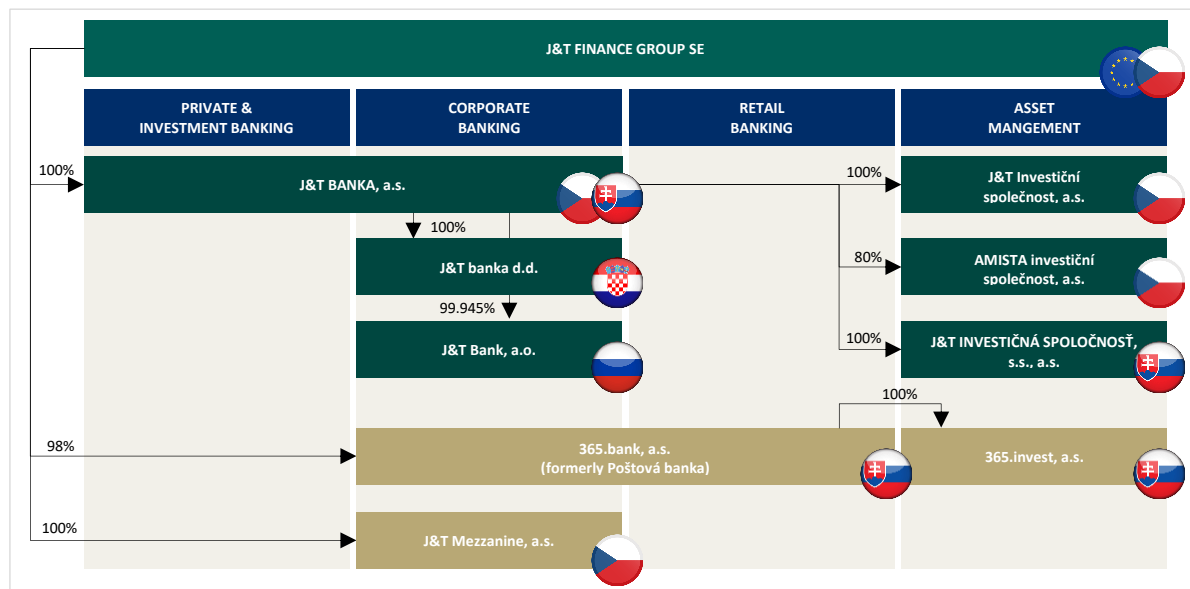
Description of the J&T FINANCE GROUP

The Issuer is part of J&T FINANCE GROUP (**J&T FINANCE GROUP**), whose parent company and the Issuer's sole shareholder is J&T FINANCE GROUP SE.

J&T FINANCE GROUP is an international financial services group active in banking and asset management in the Czech Republic, Slovakia, Croatia, Russia and Germany (listed by volume of assets). J&T FINANCE GROUP's two key banking entities are the Issuer, a Czech bank providing private banking, corporate & investment banking and asset management services to affluent clientele, and 365.bank, a.s. (formerly known as Poštová banka), a mass-market retail-focused Slovak digital bank. Asset management services are principally

offered via J&T INVESTIČNÍ SPOLEČNOST and AMISTA in the Czech Republic and 365.invest, správ. spol., a.s. in Slovakia. J&T FINANCE GROUP's service offering is complemented by J&T Mezzanine, a.s., an approximately EUR 400 million investment vehicle providing hybrid and subordinated capital. J&T FINANCE GROUP and its key banking entities are subject to supervision and prudential regulation under the CRR and the BRRD both individually as well as on a consolidated basis.

The graphic below shows the key segments and operating entities comprising J&T FINANCE GROUP as at the date of this Base Prospectus.



Position of the Issuer within J&T FINANCE GROUP

In terms of the Issuer's position within J&T FINANCE GROUP, the Issuer is a wholly-owned subsidiary of J&T FINANCE GROUP SE.

The following table shows the contribution of the Group to the consolidated financial results of J&T FINANCE GROUP as at 31 December 2022 and 31 December 2021.¹⁷

<i>(in EUR millions)</i>		31 December 2022	31 December 2021
Loans and advances to customers	J&T BANKA, a.s. and its subsidiaries	4,279	3,665
	365.bank, a.s. and its subsidiaries	2,956	3,089
	J&T FINANCE GROUP (other)	418	699
	Total	7,652	7,454
J&T BANKA, a.s. and subsidiaries as % of Total		56%	49%
Deposits from customers	J&T BANKA, a.s. and its subsidiaries	6,775	5,952
	365.bank, a.s. and its subsidiaries	3,483	3,661
	J&T FINANCE GROUP (other)	4	7
	Total	10,263	9,620
J&T BANKA, a.s. and subsidiaries as % of Total		66%	62%
Net interest income	J&T BANKA, a.s. and its subsidiaries	278	172
	365.bank, a.s. and its subsidiaries	132	145
	J&T FINANCE GROUP (other)	28	25
	Total	438	342
J&T BANKA, a.s. and subsidiaries as % of Total		63%	50%
Net fee income	J&T BANKA, a.s. and its subsidiaries	70	60
	365.bank, a.s. and its subsidiaries	71	65
	J&T FINANCE GROUP (other)	(1)	3
	Total	141	128
J&T BANKA, a.s. and subsidiaries as % of Total		50%	47%

Note: The figures for the Group do not fully reconcile to the consolidated data of the Group because of the effect of full consolidation at J&T FINANCE GROUP level which eliminates all intercompany transactions within J&T FINANCE GROUP and different functional currencies used.

Dependence upon other entities within J&T FINANCE GROUP

As at the date of this Base Prospectus, the Issuer is not dependent on any entity of J&T FINANCE GROUP. The Issuer enters into relationships with entities within J&T FINANCE GROUP solely on an arms' length basis. The principal intra-group relationships include credit exposure to entities within J&T FINANCE GROUP, deposits received from entities within J&T FINANCE GROUP, and loan commitments and guarantees issued to related parties.

As at 31 December 2022, the total amount of the Group's receivables from related parties was CZK 3,545 million, and the total amount of the Group's liabilities to related parties was CZK 2,586 billion. As at 31 December 2022, total revenues of the Group from related party transactions amounted to CZK 4,996 million and total costs amounted to CZK 5,280 million.

4. TREND INFORMATION

Since the publication date of the last audited financial statements, there has been no material negative change in the prospects of the Issuer or the Group. Moreover, the Issuer declares that there has been no significant change in the financial performance of the Issuer or the Group since the end of the last financial period for which the financial data was published until the date of preparation of this Base Prospectus.

5. FINANCIAL RESULTS OF THE GROUP

In 2022, the Group's consolidated profit after tax reached CZK 3.38 billion compared to CZK 2.80 billion in 2021 and balance sheet grew by 12% year-on-year, reaching CZK 227.25 billion at the end of 2022, up from

¹⁷ Source: Annual Reports of J&T FINANCE GROUP SE for the years 2022 and 2021. Available at: <https://www.jtfg.com/en/investors>.

CZK 203.25 billion at the end of 2021. Since the Issuer accounted for the vast majority of the Group's consolidated assets and income in 2022, the Group's consolidated performance and financial results in 2022 were primarily driven by the performance and financial results of the Issuer.

The Group's balance sheet dynamics mainly reflected the continued growth in customer deposits, which represented the main source of funding and a pre-requisite for the gradual loan portfolio growth. Monetary policy tightening translating into normalization in the general interest rate environment incentivised depositors to transfer funds from current accounts to products offering a more attractive interest rate, in particular term deposits, which reinforced the Group's liquidity position in 2022.

Client deposits reached CZK 164.02 billion at the end of 2022 compared to CZK 154.33 billion at the end of 2021 (a 6.3% year-on-year increase). The growth in term deposits reflected an increase in the interest rate differential between low or zero-interest current accounts, on the one hand, and interest-bearing term deposits or notice deposits, on the other hand. Total amount of term deposits grew by CZK 24.61 billion year-on-year from CZK 109.65 billion at the end of 2021 to CZK 134.26 billion at the end of 2022. Total number of depositors exceeded 103 thousand at the end of 2022 compared to 92 thousand at the end of 2021.

The continued growth in available funding enabled the Group to participate in financing of a number of projects and to increase the volume of corporate loans. These amounted to CZK 84.55 billion at the end of 2022, representing a 17% increase from CZK 72.05 billion at the end of 2021. Margin lending declined slightly from CZK 20.30 billion at the end of 2021 to CZK 18.57 billion at the end of 2022 (an 8.5% year-on-year decrease). Finance leases and other receivables grew to CZK 3.04 billion at the end of 2022 from CZK 0.80 billion at the end of 2021 (a 280.0% year-on-year increase). As a result, loans and advances to customers at amortised cost increased by CZK 13.00 billion or 14.0% year-on-year from CZK 93.15 billion at the end of 2021 to CZK 106.15 billion at the end of 2022.

Due to the combination of growing loan portfolio and normalization in the general interest rate environment, the Group's interest income amounted to CZK 11.66 billion, compared to CZK 6.20 billion in 2021 (an 88.1% year-on-year increase). While interest expense grew from CZK 1.73 billion in 2021 to CZK 4.63 billion in 2022 (a 167.6% year-on-year increase), the Group's interest income in 2022 amounted to CZK 7.04 billion compared to CZK 4.47 billion in 2021 (a 57.5% year-on-year increase).

Net fees and commissions totalled CZK 1.89 billion in 2022 compared to CZK 1.61 billion in 2021 (a 17.8% year-on-year increase) on the back of growing asset management fees, securities underwriting and placement commissions and other fees related to lending activities and brokerage services.

Trading and other operating income reached CZK 2.15 billion in 2022 compared to a loss of CZK 0.13 billion in 2021 and was mainly affected by the revaluation of derivative hedging instruments through which the Group manages the currency structure of its assets and liabilities, taking into account the development of the exchange rates (mainly CZK:EUR and CZK:USD) and the interest rate differentials in these currencies.

The Group's operating expenses reached CZK 3.76 billion in 2022 compared to CZK 2.92 billion in 2021 (a 28.8% year-on-year increase). Personnel expenses increased due to growing number of employees and salary increases caused by the inflationary pressures in the economy. Administrative expenses reflected, in particular, the impact of large investments in the information technology infrastructure and digitalization of sales channels, greater marketing spend and higher costs induced by the regulatory requirements linked to the Group's expanding business activities such as mandatory deposit insurance and contributions to the resolution institutions. The dynamic growth of the operating income created conditions for increasing the operating efficiency and the Group thus reported a profit before allowances, provisions and income tax of CZK 7.76 billion in 2022 compared to CZK 3.22 billion in 2021, which represented more than a two-fold year-on-year increase.

In 2022, the geopolitical situation and the local macroeconomic factors had a greater impact on the Group's risk costs than in the previous year with CZK 3.15 billion provisions and impairment charges booked in 2022 compared to CZK 0.57 billion booked in 2021. Most of this increase is attributable to write-downs of Russian and Ukrainian exposures.

The Group's capitalization is strong with CZK 35.86 billion equity at the end of 2022 compared to CZK 26.22 billion at the end of 2021. The year-on-year increase of CZK 9.64 billion was principally attributable to the current year profit of CZK 3.38 billion, transfer of CZK 3.27 billion from the prior year's profits into equity and

CZK 2.91 billion capital increase provided by the parent company J&T FINANCE GROUP SE as a contribution outside of the registered capital (*příplatek mimo základní kapitál*) in December 2022.

In addition, the Issuer successfully placed perpetual bonds in the total nominal amount of EUR 200 million in 2022 qualifying as Additional Tier 1 capital, which increased the Group's capitalization by CZK 4.97 billion and is included within the Group's additional own funds. As a resolution entity within the Group, the Issuer also successfully placed MREL eligible bonds in the total nominal amount CZK 0.30 billion principal amount in 2022.

The additional increase in the Group's own resources was positively reflected in an increase in the capital adequacy ratio at the consolidated level that stood at 19.37% at the end of 2022 compared to 16.21% at the end of 2021.

MANAGEMENT

The Issuer is a Czech joint-stock company established and operating under Czech law. The Issuer, its management and the Issuer's corporate setup are governed in accordance with the Articles of Association of the Issuer which can only be amended by a two-thirds majority vote of all shareholders present at the General Meeting of the Issuer. As at the date of this Base Prospectus, the conclusive version of the Articles of Association of the Issuer is the wording dated 9 September 2020, as filed in the Issuer's collection of deeds in the Czech Commercial Register which is publicly accessible at www.justice.cz.

The Issuer's activities are governed by Czech law and the general principles of good corporate governance reflected therein. In its corporate governance, the Issuer has adopted and applies the main governance standards set out in the Czech Corporate Governance Code developed in 2018 by the Czech Institute of Directors (Institute of Members of Administrative Bodies) in partnership with the consulting company Deloitte. In particular, the Issuer has adopted the basic principles of the Czech Corporate Governance Code, such as emphasis on transparency, accountability and long-term view.

Management Structure and Committees

The Issuer's system of bodies, in addition to the General Meeting, in which shareholders exercise their rights, consists of the Board of Directors, the Supervisory Board, and several specialised committees, including the Audit Committee.

Board of Directors

The Board of Directors is the Issuer's governing body which manages the Issuer's business and whose members act on behalf of the Issuer in all matters, and represent the Issuer towards third parties, in proceedings before the court and other authorities in the manner specified in the Articles of Association and in the Commercial Register.

The Board of Directors decides on all matters of the Issuer which are not reserved by law, the Articles of Association or a resolution of the General Meeting to the competence of the General Meeting or the Supervisory Board or the relevant committees established by the Issuer's Board of Directors or the Supervisory Board, in particular the Audit Committee and the Remuneration Committee.

According to the Articles of Association, the Board of Directors has three to six members, with the specific number to be determined by the Supervisory Board. The Board of Directors currently has six members. Members of the Board of Directors are appointed and re-called by the General Meeting. The Board of Directors elects the chairman of the Board of Directors from among themselves. Members of the Board of Directors shall be appointed to a five-year term, and can be re-appointed. The individual members of the Issuer's bodies have not been allocated specific sections or areas of independent executive competence.

Supervisory Board

The Supervisory Board is an independent oversight body of the Issuer and its activities are regulated by law and the Articles of Association. The Supervisory Board oversees the performance of the Board of Directors and the Issuer's business activities. According to the Articles of Association, the Supervisory Board has 6 members, of which two thirds (4 members) are appointed by the General Meeting and one third (2 members) are appointed by the Issuer's employees. Members of the Supervisory Board are appointed for a five-year term, and can be re-appointed.

Members of the Corporate Bodies of the Issuer

Board of Directors

Name	Position	Member since	Current Term of Office since
Patrik Tkáč	Chairman	3 June 1998	22 July 2018
Štěpán Ašer	Member	30 May 2006	2 June 2021
Igor Kováč	Member	16 February 2011	16 February 2021
Tomáš Klimíček	Member	1 December 2016	1 December 2021
Jan Kotek	Member	1 January 2022	1 January 2022
Anna Macaláková	Member	11 June 2018	11 June 2018

The business address of all current members of the Board of Directors is Prague 8, Sokolovská 700/113a, Postal Code 186 00, Czech Republic, apart from Ms. Macaláková, whose business address is Bratislava, Dvořákovo nábřeží 8, Slovak Republic.

Supervisory Board

Name	Position	Member since	Current Term of Office since
Jozef Tkáč	Chairman	3 June 1998	15 October 2018
Ivan Jakobovič	Vice-Chairman	3 June 1998	15 October 2018
Dušan Palcr	Member	15 June 2004	15 October 2018
Jozef Šepetka	Member	9 September 2008	15 October 2018
Jitka Šustová	Member	10 December 2018	10 December 2018
Jaroslava Sragner	Member	14 October 2022	14 October 2022

The business address of Mr. Palcr, Mr. Šepetka and Ms. Šustová is Prague 8, Sokolovská 700/113a, Postal Code 186 00, Czech Republic. The business address of Mr. Tkáč, Mr. Jakobovič and Ms. Sragner is Bratislava, Dvořákovo nábřeží 8, Slovak Republic.

Information on the Members of the Board of Directors of the Issuer and activities performed outside of the Issuer

Ing. Patrik Tkáč

Mr. Tkáč graduated from the Faculty of National Economy at the University of Economics in Bratislava. In 1994, Mr. Tkáč obtained a brokerage licence from the Ministry of Finance of the Slovak Republic and in the same year he co-founded J&T Securities, s.r.o., an investment firm. He is the Chairman of the Issuer's Board of Directors and a leading representative of J&T FINANCE GROUP.

Mr. Tkáč currently also serves, among others, as the Deputy Chairman of the Board of Directors of J&T FINANCE GROUP SE, as the Chairman of the Supervisory Board of ATLANTIK finanční trhy, a.s., as the Chairman of the Supervisory Board of J&T CAPITAL INVESTMENTS, a.s., as the Chairman of the Board of Directors of J&T CAPITAL PARTNERS, a.s., as the Chairman of the Supervisory Board of CZECH NEWS CENTER a.s., as the Chairman of the Supervisory Board of CZECH MEDIA INVEST, a.s., as the Chairman of the Supervisory Board of EP Global Commerce a.s., as the Member of the Supervisory Board of J&T IB and Capital Markets, as the Member of the Supervisory Board of J&T Family Office, a.s., as the Member of the Supervisory Board of J&T ALLIANCE SICAV, a.s., as the Member of the Supervisory Board of J&T ARCH INVESTMENTS SICAV, a.s., as the Member of the Supervisory Board of PT Equity Investments SICAV, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING CZK I, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING CZK II, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING CZK III, a.s. v likvidaci, as the Member of the Supervisory Board of J&T ENERGY FINANCING CZK IV, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR I, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR II, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR III, a.s. v likvidácii, as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR IV, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR V, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR VI, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR VII, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR VIII, a.s. v likvidácii, as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR IX, a.s., as the Member of the Supervisory Board of J&T ENERGY FINANCING EUR X, a.s., as the Member of the Supervisory Board of Bermon94, a.s., as the Member of the Board of Directors of J&T Wine Holding SE, as the Founder of Nadace Sirius and as the Founder and Member of the Management Board of Nadace J&T.

Štěpán Ašer, MBA

Mr. Ašer is a graduate of the School of Business and Public Management at George Washington University in Washington, D.C., specialising in finance and financial markets. He subsequently graduated with an MBA from the Rochester Institute of Technology. He has worked in finance in the Czech Republic since 1997, first as an analyst and later as a portfolio manager at Credit Suisse Asset Management. From 1999 to 2002 he was a Member of the Board of Directors of Commerz Asset Management (CZ) a.s. responsible for portfolio management and

sales. At Česká spořitelna, Mr. Ašer briefly specialised in asset management for institutional clients. He has been working for the Issuer since 2003.

Mr. Ašer currently also serves, among others, as the Member of the Board of Directors of J&T FINANCE GROUP SE, as the Chairman of the Supervisory Board of J&T IB and Capital Markets, as the Chairman of the Supervisory Board of J&T Leasingová společnost, a.s., as the Member of the Supervisory Board of J&T INVESTIČNÍ SPOLEČNOST, as the Member of the Supervisory Board of AMISTA, as the Member of the Supervisory Board of J&T SERVICES ČR, a.s., as the Member of the Supervisory Board of J&T Mezzanine, a.s. and as the Member of the Board of Directors of J&T Bank a.o.

Ing. Igor Kováč

Mr. Kováč is a graduate of the University of Economics in Bratislava, where he graduated in 1998 from the Faculty of National Economy. Since the beginning of his professional career, he has been working in the financial industry, in the field of banking since 2000, when he joined Hypovereinsbank Slovakia as Senior Controller. From 2002 to 2008, he worked at Volksbank Slovakia as Director of the Economic Department.

Mr. Kováč currently also serves, among others, as the Member of the Board of Directors of J&T FINANCE GROUP SE, as the Member of the Board of Directors of J&T Bank a.o., as the Member of the Supervisory Board of J&T INVESTIČNÍ SPOLEČNOST, as the Member of the Supervisory Board of J&T IB and Capital Markets, as the Member of the Supervisory Board of J&T SERVICES ČR, a.s., as the Member of the Supervisory Board of J&T Leasingová společnost, a.s., as the Member of the Supervisory Board of J&T Mezzanine, a.s. and as the Member of the Supervisory Board of J&T Bank d.d.

Ing. Tomáš Klimíček

Mr. Klimíček is a graduate of the University of Economics in Prague, where he completed his Master's degree at the Faculty of Finance and Accounting in 2010. Between 2008 and 2011 he worked at PricewaterhouseCoopers Audit, s.r.o. Since 2011 Mr. Klimíček has been working for the Issuer. In 2012, he became Director of Credit Risk Management Department.

Mr. Klimíček currently also serves as the Member of the Board of Directors of J&T Bank a.o., as the Member of the Supervisory Board of J&T Leasingová společnost, a.s. and as the Member of the Supervisory Board of J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.

Ing. Jan Kotek

Mr. Kotek is a graduate of the University of Economics in Prague. Since the beginning of his professional career he has worked in the financial services industry. He has been with J&T FINANCE GROUP since 2010, where he first held the position of Director of Credit Risk Management Department at the Issuer. From 2012 to 2014, he served in the top management of Poštová banka, a.s. in Slovakia. From 2014 to 2021, he worked as a Financial Manager at J&T FINANCE GROUP SE. Since 2019, he has held the position of Director of Credit Operations Department at the Issuer and in January 2022 he became a Member of the Board of Directors of the Issuer.

Mr. Kotek currently also serves as the Member of the Board of Directors of Equity Holding, a.s., as the Member of the Board of Directors of J&T Mezzanine, a.s. and as the Member of the Supervisory Board of 365.bank, a.s.

Ing. Anna Macaláková

Ms. Macaláková is a graduate of the University of Economics in Bratislava, Faculty of National Economy, majoring in Finance. Since graduating in 2006, she has worked at the Issuer's Slovak branch in Bratislava, where she held various managerial positions.

Currently, she works as the Head of the Organisational Unit of J&T BANKA, a.s., a foreign bank branch in Bratislava and also serves as the Chairman of the Supervisory Board of J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.

Activities performed by the Members of the Supervisory Board outside of the Issuer

Other than as set out below, none of the members of the Issuer's Supervisory Board performs any activities outside the Issuer that would be material to the Issuer.

Mr. Jozef Tkáč currently also serves, among others, as the Chairman of the Board of Directors of J&T FINANCE GROUP SE, as the Chairman of the Supervisory Board of J&T SERVICES ČR, a.s., as the Member of the Supervisory Board of ATLANTIK finanční trhy, a.s., as the Member of the Supervisory Board of 365.bank,a.s., as the Chairman of the Board of Directors of Equity Holding, a.s., as the Member of the Management Board of Nadace J&T and as the Chairman of the Supervisory Board of J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.

Mr. Ivan Jakobovič currently also serves, among others, as the Deputy Chairman of the Board of Directors of J&T FINANCE GROUP SE, as the Chairman of the Supervisory Board of J&T CAPITAL PARTNERS, a.s., as the Chairman of the Supervisory Board of J&T EQUITY PARTNERS, a.s., as the Chairman of the Board of Directors of KOLIBA REAL, a.s., and as the Member of the Supervisory Board of EP Power Europe, a.s.

Mr. Dušan Palcr currently also serves, among others, as the Deputy Chairman of the Board of Directors of J&T FINANCE GROUP SE, as the Executive Director of J&T Sport Team ČR, s.r.o., as the Chairman of the Supervisory Board of AC Sparta Praha fotbal, a.s., as the Member of the Management Board of I. Český Lawn - Tennis Klub Praha, as the Member of the Management Board of Nadace J&T, as the Member of the Supervisory Board of Karlín development II. s.r.o., as the Chairman of the Board of Directors of J & T REAL ESTATE CZ, a.s., as the Member of the Supervisory Board of J&T REAL ESTATE SMART SOLUTIONS a.s., as the Member of the Supervisory Board of GLOBDATA a.s., as the Member of the Supervisory Board of Doblecon a.s., as the President of the Executive Committee of Česká rugbyová unie, z.s., as the Chairman of the Supervisory Board of RAILSCANNER, s.r.o., as the Chairman of the Supervisory Board of JTZE a.s., as the Executive Director of J & T REAL ESTATE ENGINEERING s.r.o., as the Executive Director of Menmar s.r.o., as the Executive Director of Baunario s.r.o., as the Executive Director of Alvadose s.r.o., and as the Executive Director of MeasureTake s.r.o.

Committees

The following are the main committees established within the Issuer by both the Board of Directors and the Supervisory Board of the Issuer.

Audit Committee

As a public interest entity within the meaning of Section 1a (a) in conjunction with Section 19a(1) of Act No. 563/1991 Coll., on Accounting, as amended, the Issuer established an Audit Committee as at 1 July 2016.

The Audit Committee is an advisory body established by the Issuer's Supervisory Board to carry out the activities specified in the relevant legislation, without prejudice to the responsibilities of the Members of the Board of Directors or the Supervisory Board. In particular, the Audit Committee monitors the effectiveness of the internal control and risk management system, monitors the process of preparing the Issuer's financial statements and makes recommendations to the Supervisory Board to ensure the integrity of the accounting and financial reporting systems. It further recommends the auditor to the Supervisory Board, with due justification for this recommendation.

The Audit Committee consists of three members appointed and dismissed by the General Meeting. The majority of the members of the Audit Committee must be independent of the Company and must be professionally qualified. The term of office is three years and each member can be re-appointed.

Members of the Audit Committee as of the date of this Base Prospectus are:

Name	Position	In Office since	Current Term of Office since
Pavel Závitkovský	Chairman	1 July 2017	1 July 2020
Jakub Kovář	Member	1 July 2017	1 July 2020
Dušan Palcr	Member	1 July 2017	1 July 2020

Remuneration Committee

The Remuneration Committee has been established by the Issuer's Supervisory Board. The Remuneration Committee's main objective and purpose is to support the Supervisory Board in defining and assessing the system and guidelines for the remuneration of the Issuer's employees. The Remuneration Committee (i) drafts system amendments and remuneration policy for the Supervisory Board; (ii) regularly assesses the adherence to the remuneration policy and submits the assessment summary to the Supervisory Board; (iii) reviews the compliance of the remuneration policy with the Issuer's current business model and with the Issuer's business cycle; (iv) submits the output of the assessment to the Supervisory Board; (v) suggests classifying particular job positions as positions with an impact on Issuer's risk profile to the Supervisory Board; and (vi) supports the Supervisory Board in assessing the efficiency and functionality of the remuneration policy. The Remuneration Committee chairperson and members are appointed and removed by the Supervisory Board.

Assets and Liabilities Committee

The Assets and Liabilities Committee (the **ALCO**) has been established by the Issuer's Board of Directors. The ALCO's main objective and purpose is to facilitate the Issuer's asset and liability management process in terms of liquidity, interest rates, the Issuer's profitability and capital adequacy. The ALCO especially (i) monitors liquidity, the Issuer's interest and FX risks, observance of internal and external limits in those areas; (ii) analyses possible scenarios of the future development; (iii) monitors the observance of internal and regulatory capital adequacy limits at an individual and consolidated level, resp. prudential consolidation; (iv) evaluates an impact of legislative changes on the Issuer's assets and liabilities; (v) responds to the situation in financial markets, analyses prices and products offered by competitor banks and their influence on the Issuer's trades and prices; (vi) monitors maturity of significant asset and liability transactions; (vii) evaluates an impact of expected new trades on the risk, limits and profitability; and (viii) decides on interest rates of deposit products, measures taken in the market risk management, prudential business activities and in trades. The ALCO's chairperson and members are appointed and removed by the Board of Directors.

Investment Committee

The Investment Committee has been established by the Issuer's Board of Directors. The Investment Committee's main objective and purpose is to support investments assigned in the business portfolio, the Issuer's currency and commodity positions. A further goal of the Investment Committee is to co-ordinate and monitor investments in the trading book, currency and commodity positions of the individual members of the regulatory consolidated unit and at the consolidated level. The Investment Committee especially (i) discusses and approves limits or other parameters for the business portfolio trades, the Issuer's currency and commodity positions to an extent specified by the Issuer's internal rules governing limits for making the Issuer's transactions; (ii) prescribes a set of liquidity risk figures and approves the Issuer's emergency liquidity plan and approves the enlistment of a security for trading as a part of the client portfolio management; and (iii) regularly evaluates the observance of set limits. The Investment Committee's chairperson and members are appointed and removed by the Board of Directors.

Credit Committee

The Credit Committee has been established by the Issuer's Board of Directors. The Credit Committee's main objective and purpose is to provide support in the area of transactions in the Issuer's non-trading book. In particular, (i) based on a risk analysis of a financed active trade, the Credit Committee approves active trades up to CZK 200 million; (ii) based on a risk analysis of a financed active trade, it makes a recommendation to the Board of Directors to approve an active trade above CZK 200 million; (iii) based on a risk analysis of a non-performing active trade, it makes a recommendation to the Board of Directors to approve the method of collecting an active trade; and (iv) based on the fulfilment of technical indicators, deviations from project plans and external events, it discusses and decides on the categorisation of claims, and is responsible for the quantification of the risks taken. The Credit Committee's chairperson and members are appointed and removed by the Board of Directors.

Operational Risk and Damage Committee

The Operational Risk and Damage Committee (the **ORDC**) has been established by the Issuer's Board of Directors. The ORDC's main objective and purpose is to discuss damage and the Issuer's operational risk. A

further goal of the ORDC is to co-ordinate and monitor the operational risk for the individual members of the regulatory consolidated unit and at the consolidated level. The ORDC is responsible for working out and submitting proposals for the risk and damage mitigation to an acceptable level, for the check and evaluation of Issuer's operational risk and supervision over the implementation of approved proposals for the elimination of operational risk and damage by the Board of Directors. The ORDC's chairperson and members are appointed and removed by the Board of Directors.

Conflicts of Interest at the Level of Administrative, Management and Supervisory Bodies

The Issuer is not aware of any potential conflict of interest between the duties of the Members of the Board of Directors, the Supervisory Board or the Audit Committee of the Issuer and their private interests or other duties. The Issuer's internal regulations in force contain effective measures to avoid any conflict of interest, existing or potential, of the above-mentioned persons.

BANKING REGULATION IN THE CZECH REPUBLIC

This section contains selected information on certain aspects of Czech banking regulation and supervision. The information in this section is intended to provide a brief overview of Czech banking regulation and supervision to which the Issuer is subject, and is not intended to provide a comprehensive or complete description of Czech banking regulation and supervision.

Banking Regulation and Supervision

The structure of the regulation and supervision of the Czech banking system is set forth in a number of statutes, including Czech Act No. 6/1993 Coll., on the Czech National Bank, as amended (the **CNB Act**), the Czech Banking Act, the Czech Capital Markets Act, Czech Act No. 15/1998 Coll., on Supervision in the Capital Market Area and Amendment of Certain Other Acts, as amended (the **Czech Capital Market Supervision Act**), Czech Act No. 253/2008 Coll., the Act on Some Measures against Money-Laundering and Financing of Terrorism, as amended, Czech Act No. 370/2017 Coll., on Payment Services, as amended, the Czech Bonds Act, the Czech Act No. 93/2009 Coll., on Auditors, as amended, Czech Act No. 377/2005 Coll., on Supplementary Supervision over Banks, Credit Unions, Electronic Money Institutions, Insurance Companies and Investment Firms in Financial Conglomerates and amending some other acts, as amended (the **Czech Financial Conglomerates Act**), the Czech Recovery and Resolution Act, Czech Act No. 257/2016 Coll., on Consumer Credit, as amended (the **Czech Consumer Credit Act**) and certain regulations issued by the CNB (known as measures and decrees) as well as directly applicable EU laws and regulations.

The CNB

The CNB exercises regulatory and supervisory powers over the banking sector, as well as the rest of the Czech financial sector (including the capital markets, insurance, pension funds, credit unions and electronic money institutions as well as the foreign exchange sector). The CNB also carries out the traditional activities of a central bank including fostering price stability through monetary policy as well as fostering financial stability and safe functioning of the financial system in the Czech Republic.

As a general rule, the CNB exercises banking supervision over Czech banks (including subsidiaries of foreign banks incorporated in the Czech Republic) and Czech branches of banks established outside the EEA. Banks established in EEA countries other than the Czech Republic which are conducting their banking business in the Czech Republic through a Czech branch passported in the Czech Republic, or without establishment of a Czech branch on the basis of freedom of cross-border provision of services, are primarily subject to supervision by their home country regulators, although their supervision is also partially carried out by the CNB.

Under the CNB Act and the Czech Banking Act, the CNB is empowered with an array of powers to regulate and supervise the Czech banking system. These powers, among others, include the power to: (i) grant banking licences; (ii) issue regulations containing the terms and conditions of entry into the banking sector and setting down prudential rules for specific areas of banking business; (iii) monitor the activities of banks, branches of foreign banks and credit unions; (iv) perform examinations (inspections) in banks, including foreign bank branches and credit unions; (v) grant prior consents to certain activities involving a bank, including the acquisition of a participation in a bank, the disposal of a bank's business, the merger or winding up of a bank, or the termination of a bank's activities; and (vi) impose remedial measures and penalties for shortcomings detected in banks' activities (see section *Remedial Measures and Penalties*).

Licensing

As a general rule, only joint-stock companies that have been granted a banking licence by the CNB in compliance with the Czech Banking Act are permitted to operate in the Czech Republic as a bank. Certain exceptions apply to foreign banks established within the EEA which intend to provide banking services in the Czech Republic through their Czech branch or on the basis of freedom of cross-border provision of services. Licences are issued for an indefinite period of time and contain a list of the activities that the respective bank is permitted to conduct. In some cases, licences also contain conditions the bank must meet prior to commencing a particular permitted activity or while conducting that activity. Some of the activities listed in the licence, such as the provision of investment services and certain custodian services, may be conditional upon the fulfilment of special conditions.

Activities Requiring Prior Consent of or Notification to the CNB

In a number of cases, the Czech Banking Act requires banks or other legal or natural persons to apply for consent from the CNB or to notify the CNB before executing particular transactions or operations.

Prior consent of the CNB is required, without limitation: (i) where a person proposes to acquire or increase a direct or indirect participation in a Czech bank so that it would reach or exceed 10%, 20%, 30% or 50% of the registered capital or of the voting rights, or so that the acquirer would become the bank's controlling entity or have the possibility to exercise a significant influence over the bank's management (this duty also applies to persons acting in concert); (ii) in order to enter into an agreement pursuant to which the business enterprise of the bank or a part thereof is disposed of; (iii) in order to merge or divide the bank or to transfer its assets to its shareholder; (iv) for a resolution of the general meeting of shareholders to wind up the bank or cease to carry out any activity for which a licence is required; and (v) in order to reduce the capital of the bank, unless the capital is being reduced to cover a loss.

A prior notification to the CNB is required, without limitation: (i) where a person proposes to completely dispose of or reduce a direct or indirect participation in a bank so that it would fall below 10%, 20%, 30% or 50% of the registered capital or of the voting rights, or so that the acquirer would cease to be the bank's controlling entity or cease to have the possibility of exercising a significant influence over the bank's management (this duty also applies to persons acting in concert); (ii) of changes proposed to a bank's articles of association relating to the parts that are required by law; (iii) of proposed personnel changes in the board of directors and senior management of the bank; (iv) of the bank's intent to establish a legal entity (subsidiary), branch or representation abroad or to provide services abroad without establishing a branch; (v) of the identity of a bank's auditor; and (vi) to effect any call, redemption, repayment or repurchase of MREL eligible instruments prior to the date of the instrument's contractual maturity.

A subsequent notification to the CNB must be filed by a Czech bank without undue delay upon any acquisition of a participation in a legal entity, incorporation of a legal entity or participation in its incorporation if the Czech bank acquired or holds a direct or indirect participation in such legal entity of at least 10% of the registered capital or of the voting rights, or so that the Czech bank would become the legal entity's controlling entity or has the possibility to exercise a significant influence over the legal entity's management.

Capital Adequacy Requirements

In December 2010, the Basel Committee on Banking Supervision (the **BCBS**) published its final standards on the revised capital adequacy framework, known as Basel III, which tightened the definition of capital and requires banks to maintain capital buffers on top of minimum capital requirements. On 27 June 2013, the CRD IV and the CRR, transposing Basel III into EU-law, have been published.

The CRR (an EU-regulation which directly applies in all EU-Member States without any further national implementation steps) entered into force on 1 January 2014. Certain Czech laws (including amendments to the Czech Banking Act and an implementing Decree of the CNB No. 163/2014 Coll., on the Performance of the Activities of Banks, Credit Unions and Investment Firms, as amended (the **Prudential Rules Decree**)) implementing the CRD IV into Czech law were subsequently amended or newly promulgated in 2014.

Thus, since 2014, the prudential requirements, in particular the regulatory capital requirements applicable to the Issuer have been substantially changed.

Under the new rules, the only capital instruments eligible as own funds are: (i) CET 1 instruments; (ii) additional tier 1 instruments (the **AT 1**) (CET 1 and AT 1 together constituting the **Tier 1**); and (iii) tier 2 instruments (the **Tier 2**).

Institutions are required at all times to satisfy the following minimum capital ratios for own funds: (i) a CET 1 ratio of 4.5%; (ii) a Tier 1 ratio of 6%; and (iii) a total capital ratio constituted of the Tier 1 and Tier 2 of 8%, all expressed as a percentage of the total risk exposure amount. The total risk exposure amount is in principle the sum of risk-weighted exposure amounts for credit risk, as well as the own funds requirements for market risk and operational risk.

Therefore, while the total capital an institution needs to hold remains at minimum 8%, the share that has to be of the highest quality (i.e. CET 1) increased from 2% to 4.5%.

The new rules established the following new capital buffers: (i) the capital conservation buffer, (ii) the countercyclical capital buffer, (iii) the systemic risk buffer, (iv) the global systemic institutions buffer and (v) the other systemic institutions buffer. The capital conservation buffer is equal to 2.5%. The countercyclical capital buffer is 2.5% in the Czech Republic since 1 April 2023. The other systemically important institutions buffer is not applicable to the Issuer as at the date of this Base Prospectus. The systemic risk buffer is not applied by the CNB as at the date of this Base Prospectus.

On top of these own funds requirements, the competent authorities may add extra capital requirements to cover other risks following a supervisory review and institutions may also decide to hold an additional amount of capital on their own.

Under Basel III, banks (such as the Issuer) are required to meet two new liquidity standards: (i) the LCR and (ii) the NSFR. The LCR requires banks to hold an amount of unencumbered, high quality liquid assets that can be used to offset the net cash outflows the bank would encounter under an acute short term stress scenario specified by supervisors. The NSFR measures the amount of longer term, stable sources of funding available to a bank in relation to the stable funding it requires over a one year period of extended stress, given the liquidity profiles of its assets and its off-balance sheet exposures.

In respect of credit risk, in order to calculate their risk-weighted exposure amounts, institutions shall apply either the standardised approach or (if permitted by the competent authorities) the internal ratings based approach. At the date of this Base Prospectus, the Issuer is using the standardised approach.

Apart from the prudential requirements for own funds and regulatory capital described above, Czech credit institutions are subject to numerous other regulatory requirements stipulated by EU-law, including limits on large exposures, liquidity requirements, leverage ratios, as well as reporting and notification obligations.

The CNB is authorised to apply certain remedial measures linked to failure to meet capital adequacy criteria. For example, the CNB may require the bank, among other things, to increase its capital to a sufficient level, to limit the acquisition of certain higher-risk assets, to refrain from paying interest on deposits where relevant interest rates would be in excess of the then current market level or to cease providing any loans to persons that have close personal or proprietary links with the bank. In an extreme case, the CNB is obliged to revoke the bank's licence, unless the bank is subject to a crisis resolution measure (in Czech, *opatření k řešení krize*) pursuant to the Czech Recovery and Resolution Act.

Furthermore, on 23 November 2016, the European Commission published its proposal for an EU Banking reform package including proposals to amend the CRR, the CRD IV and BRRD (the **EU Banking Reform**) as part of the finalisation of the Basel III framework and its implementation in the EU. The individual pieces of law forming the EU Banking Reform were adopted on 20 May 2019. The amendments include, among other things, introduction of a new asset class of "non-preferred" senior debt, changes to the market risk framework by implementing the fundamental review of the trading book, changes to the counterparty credit risk framework, introduction of a leverage ratio requirement, binding implementation of the NSFR, revisions to the Pillar 2 framework and revisions to the framework concerning interest rate risk in the banking book.

Financial Conglomerates

Starting in September 2005, the Czech Financial Conglomerates Act came into force implementing Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. According to the Czech Financial Conglomerates Act, a bank is considered to be a "regulated person" when under certain circumstances it is subject to a regulation of the Czech Financial Conglomerates Act.

According to the Czech Financial Conglomerates Act a financial conglomerate is a group or subgroup if:

- (a) the group or subgroup is headed by: (i) a regulated person, such as a bank, credit institution, insurance company or securities broker, which either: (a) controls a person in the financial sector; or (b) is a person who exercises a significant influence on a person in the financial sector; or (c) is a person connected to other person in financial sector through a unified management (d) is a person, the majority of whose members of statutory, managing and supervisory bodies comprise during most of the relevant accounting period individuals or persons, who are at the same time members of the statutory, managing and

supervisory bodies of another person in the financial sector, or (ii) a person who is not a regulated person, provided the activity of the group is performed predominantly in the financial sector;

- (b) at least one person in the group or subgroup belongs to the insurance sector and at least one person in the group or subgroup belongs to the banking sector or investment services sector; and
- (c) the activities in the insurance sector of the group or subgroup in their aggregate and the activities in the banking sector and investment services sector of the group or subgroup in their aggregate are significant (where the extent of the sector's significance is specified in detail in the Czech Financial Conglomerates Act).

The supplementary regulation under the Czech Financial Conglomerates Act concerns mainly the following three areas at the level of the financial conglomerate:

- (a) capital adequacy;
- (b) risk management; and
- (c) intra-group transactions.

The supplementary supervision is exercised at the level of the financial conglomerate, i.e. at the level of the regulated entity which is at the top of the financial conglomerate, or at the level of the regulated entity, the parent of which is a mixed financial holding company (i.e., a non-regulated entity controls a regulated entity) which has its head office in the EU.

As at the date of this Base Prospectus, neither the Issuer nor any member of the Group is considered a regulated person subject to supplementary supervision at the level of financial conglomerate.

Minimum Reserves

Under the CNB Act, the CNB may require banks, foreign bank branches and credit unions to hold a pre-specified amount of liquid funds, known as minimum required reserves, in accounts with the CNB. The required minimum reserves may not exceed 30% of the total liabilities of the institution required to hold such reserves, net of its liabilities owed to other regulated persons. Currently, the CNB requires minimum reserves to amount to at least 2% of the aggregate of the following liabilities to entities other than banks or foreign banks with a maturity of up to two years: (i) customer deposits; (ii) loans accepted from customers; (iii) holdings by non-banking entities of outstanding non-marketable securities; and (iv) holdings by non-banking entities of other outstanding debt securities. Minimum reserves are calculated from liabilities denominated in CZK as well as other currencies. Failure by a bank or a branch of a foreign bank established outside the EEA to meet minimum reserve requirements exposes the bank to interest penalties equal to twice the average Lombard rate applicable during the period in which it was obliged to meet such minimum reserve requirements.

Liquidity Rules

Under the Czech Banking Act and the Prudential Rules Decree, banks operating in the Czech Republic are required to monitor and manage liquidity risks. A bank must establish a strategy for the management of liquidity risks and monitor liquidity on a daily basis for each individual major currency in which it deals, and on the aggregate level for all currencies. Banks must also maintain a stable and diversified funding portfolio and manage relationships with their principal creditors.

Classification of Receivables and Impairment

Under the Czech Banking Act, the CRR and the Prudential Rules Decree, Czech banks and branches of foreign banks established outside the EEA are required to classify their exposures (especially those originating from granting of credit) according to the likelihood of default on such receivables into the following classes: (i) performing exposures; and (ii) non-performing exposures. The classification is realised in accordance with the approach to classification of exposures set out in the Commission Implementing Regulation (EU) No 680/2014 of April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to CRR. Following such classification, Czech banks and branches of foreign banks must follow

procedures set by the Prudential Rules Decree to set amounts of expected losses on the exposures and create provisions and reserves to cover them.

Large Exposures

Under the Czech Banking Act, the Prudential Rules Decree and the CRR, Czech banks and branches of foreign banks established outside the EEA are required to comply with large exposure rules established by the CRR that limit the amount of their assets and off-balance-sheet items in respect of a person or economically connected group of persons. For the purposes of these rules, a large exposure to a person or economically connected group of persons is deemed to exist if the exposure value is equal to or higher than 10% of a bank's eligible capital.

As a general rule, a Czech bank must not incur an exposure, after taking into account the effect of the credit risk mitigation, to a client or group of connected clients the value of which exceeds 25% of its eligible capital. If a group of connected clients includes one or more credit institutions or investment firms, the value of the exposure must not exceed 25% of a Czech bank's eligible capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the credit risk mitigation, to all connected clients that are not credit institutions or investment firms must not exceed 25% of the Czech bank's eligible capital.

As a general rule, trading portfolio exposure to a person or economically connected group of persons may not exceed 600% of the sum of the eligible capital.

Qualified Participations

The Czech Banking Act defines a qualified participation as a direct or indirect participation in an entity which represents 10% or more of the registered capital or voting rights of such entity, or which makes it possible to exercise significant influence over the management of such entity. Under the CRR, a qualified participation held by a bank or its consolidated group in a non-financial institution (i.e., an entity that is neither a Czech bank, a foreign bank, a financial institution nor an ancillary services undertaking) may not exceed (i) in respect of a single legal entity, 15% of the bank's or the consolidated group's eligible capital and (ii) in respect of all legal entities, a total of 60% of the bank's or the consolidated group's eligible capital. These limits do not apply in specific limited circumstances.

Under the Czech Banking Act, a bank may acquire a participation or share in another legal entity, incorporate another legal entity or participate in its incorporation only if: (a) the bank does not become a participant with unlimited liability; (b) the legal entity is not a person having a qualified participation in such bank (with some exemptions stated by the Czech Banking Act); (c) there are no legal or other obstacles to effective supervision of the bank's activities; or (d) the investment is in compliance with the overall strategy of the bank and the bank controls the risks connected with such investment, in particular, in light of the eventual obligations of the bank arising therefrom.

Disclosure of Information

Banks are required to disclose and file with the CNB a number of reports, including quarterly and annual reports. The form of the reports is specified in various CNB decrees. The annual report must contain, among other things, the bank's financial statements and the external auditor's report. Since 2002, banks' internal risk management systems must also be audited by statutory auditors, unless the CNB waives this requirement or limits it to only some parts thereof. The CNB reviews these reports and monitors whether regulations on liquidity, large exposures, capital adequacy, capital, qualified participations and other matters have been observed. Banks are also required to introduce effective mechanisms for dealing with customer complaints and to inform customers about these mechanisms in their premises. Banks must also disclose basic information about themselves, their shareholder structure, the structure of the consolidated group to which they belong, and their activities and financial situation on their website. Certain banks are also obliged to disclose information on compliance with the prudential rules.

Deposit Insurance

Primary deposits with Czech banks are insured with the Deposit Insurance Fund operated by the Financial Market Guarantee System established pursuant to the Czech Recovery and Resolution Act (the **Deposit Insurance Fund**). All Czech banks and branches of foreign banks outside the EEA must participate in this deposit insurance scheme and contribute to the Deposit Insurance Fund. The Deposit Insurance Fund is financed from contributions

from banks, funds obtained at the financial market, subsidies, repayable financial assistance and loans provided by the CNB, investment yields on its funds and proceeds from finalised insolvency and liquidation proceedings.

The condition for insuring each deposit is that the person making the deposit is duly identified, as follows:

- (a) in the case of individuals, the deposit must be identified by the individual's name, surname, personal identification number or date of birth and address; and
- (b) in the case of legal entities, the deposit must be identified by the legal entity's name, registered seat and, in the case of Czech legal entities, their identification number.

Neither individuals nor legal entities need to apply for deposit insurance in order for their deposits to be covered. A deposit kept at a bank, building society or co-operative savings bank is insured automatically by operation of law.

Subject to applicable limitations, deposit insurance covers all claims arising from deposits held in CZK or in other currencies registered as credit balances on accounts or deposit books, or evidenced by a certificate of deposit, deposit slip or another comparable document, and any interest accrued on such deposits. The deposit insurance does not cover deposit claims of banks, foreign banks, financial institutions, health insurance companies, state funds and certain other entities, such as members of the management or certain significant shareholders of the bank. Claims from subordinated debt and bills of exchange and other securities are also not covered by deposit insurance.

The level of insurance coverage is calculated by aggregating the insured deposits of each depositor with the particular bank. Since 1 January 2011, the amount that can be paid to a depositor under the scheme is equal to 100% of the aggregate of its deposits and is capped at the amount of EUR 100,000 per depositor per bank. For this purpose, the amounts paid in respect of deposits on joint accounts are proportionately allocated to each joint account holder. Since 1 January 2016, legislation has defined exceptional cases where even higher compensation may be paid out for a defined period of time. This increased compensation can exceed the basic limit of EUR 100,000 by a maximum of an additional EUR 100,000. Such exceptional cases are e.g. deposit compensations for deposits resulting from real estate transactions related to private residential properties, settlement of the common property of spouses after divorce, insurance settlement (in the case of injury, illness, invalidity or death) and in other cases determined by law.

A yearly contribution of a Czech bank to the Deposit Insurance Fund is calculated pursuant to a formula published by the CNB, which takes into account the amount of the insured deposits and the risk profile of the institution.

Remedial Measures and Penalties

Under Czech law, banks are obliged to carry out their business in a prudent manner, in particular in a manner that does not impair the interests of depositors in respect of recoverability of their interests or endanger the bank's safety and soundness. Banks are also required to observe all applicable legal rules and regulations, including the terms and conditions stipulated in their licence. If the CNB detects any shortcomings in the activities of a bank, it is authorised, among other things to: (i) require the bank to remedy the situation within a specified period by, for example, restricting some of the bank's activities, replacing persons in the bank's management or the bank's supervisory board, or creating adequate provisions and reserves; (ii) change the bank's licence by excluding or restricting some of the activities listed in the bank's licence; (iii) order an extraordinary audit at the expense of the bank; (iv) impose a fine of up to CZK 50 million or, in some cases, of up to 10% of annual net turnover of the bank or the consolidated accounts of the parent undertaking; (v) require a reduction of the bank's capital to cover any loss (to the extent that such loss is not covered by reserve funds and other funds), **provided that** the loss exceeds 20% of the bank's equity; (vi) impose forced administration if the stability of the entire banking sector is endangered; and (vii) revoke the bank's licence where serious shortcomings persist or when the bank is insolvent. The CNB is also authorised to apply certain other measures, which are linked mainly to capital adequacy.

Under the Czech Resolution and Recovery Act, the CNB may further exercise a range of crisis prevention measures and crisis management measures, as described above.

Additionally, the CNB is authorised to take measures consisting of suspending the rights of shareholders who acquire or increase a qualifying holding in a bank without the CNB's consent or who operate to the detriment of the sound and prudent management of the bank.

Consolidated Supervision

Under the Czech Banking Act and the Prudential Rules Decree, Czech banks, branches of foreign banks established outside the EEA and other entities forming consolidated groups are also subject to supervision on a consolidated basis, which includes monitoring and regulating the risks to which Czech banks and branches of foreign banks established outside the EEA are exposed due to their membership in a consolidated group.

As a general rule, consolidated groups controlled by a bank or financial holding entity seated in other EEA Member States are not subject to supervision by the CNB on a consolidated basis.

The consolidated groups subject to supervision by the CNB on a consolidated basis are mainly obliged to comply with: (i) the requirements for the internal management and control system; (ii) the rules for capital requirements; (iii) the large exposure rules; (iv) the restrictions on qualified participation; and (v) the rules for disclosure of information. When exercising supervision on a consolidated basis, the CNB co-operates with authorities responsible for supervising banks and financial institutions in other countries and is entitled to exchange information with them.

TAXATION

THE TAX LEGISLATION OF THE MEMBER STATE OF THE PROSPECTIVE PURCHASERS OF NOTES AND THE ISSUER'S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES. PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF THE CZECH REPUBLIC AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHICH THEY MAY OTHERWISE BE LIABLE FOR TAXES. THE RESPECTIVE RELEVANT TAX LEGISLATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES.

1. Disclosure of information in connection with payments

General Information

Pursuant to the Czech withholding tax rules applicable to the Eurobonds under the Czech Income Taxes Act as amended by the Act No. 609/2020 Coll. and Act No. 353/2021 Coll., unless exempt from tax or unless a Tax Treaty states otherwise, income payable by an issuer in respect of the Notes may be subject to the Withholding Tax and the Tax Security (as the case may be).

As a withholding agent, the Issuer is liable, on a strict-liability basis, for (i) a proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source at an appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest or principal in respect of the Notes as well as (ii) the granting of any relief therefrom (whether in the form of an exemption or application of a reduced rate) (a **Tax Relief**). The Issuer also bears the related burden of proof vis-à-vis the tax authorities which necessitates, before any Tax Relief can be granted, collection of certain information and documentation concerning, in particular, the identity and country of tax residence of the recipient of a payment of principal or interest in respect of the Notes (together with relevant evidence thereof) which would enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that it meets all conditions for any applicable Tax Relief to be granted (the **Beneficial Ownership Information**).

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg which are designed to facilitate collection of the Beneficial Ownership Information are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time (the **Certification Procedures**). Noteholders must seek their own professional advice to satisfy themselves that they comply with all the applicable procedures and any requirements thereunder (whether documentary or otherwise) to ensure a tax treatment of their Notes which duly reflects their particular circumstances for the purposes of applying any Withholding Tax, Tax Security and Tax Relief (as the case may be) and should consult the latest announcements in relation to the Certification Procedures on the websites of Euroclear and Clearstream, Luxembourg (<https://my.euroclear.com/>¹⁸ and www.clearstream.com) and on the website of the International Capital Market Services Association (www.icmsa.org). None of the Issuer, the Joint Arrangers, the Dealers, the Paying Agents or the ICSDs (or any other clearing system) assumes any responsibility therefor.

Quick Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest and/or principal in respect of the Notes have been made net of any Withholding Tax or Tax Security, because the Beneficial Ownership Information under the Relief at Source Procedure could not, for any reason, be duly or timely collected, may be entitled to a refund of the amounts so withheld pursuant to the quick refund procedure as set out in the Certification Procedures (the **Quick Refund Procedure**).

Standard Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest in respect of the Notes have been made net of any Withholding Tax, because the Beneficial Ownership Information

¹⁸ Only Euroclear participants will have access to the website.

under the Relief at Source Procedure or the Quick Refund Procedure could not, for any reason, be duly or timely collected, may deliver correct, complete and accurate Beneficial Ownership Information to the Issuer no later than **three years** from the end of a calendar year in which the payments which were subject to any relevant withholdings with respect to Withholding Tax were made (the **Standard Refund Procedure**).

The Beneficial Ownership Information shall be delivered to the address set out below, in person or by first class mail or (if posted from an address overseas) by airmail and marked for the attention of:

J&T SERVICES ČR, a.s.
Tax Department
Email: dancen@jtfg.sk
Sokolovská 700/113a
186 00 Prague 8
Czech Republic

and shall include the Beneficial Owner's up-to-date contact details together with evidence of the Beneficial Owner's holding of or interest in the relevant Notes, which shall be used by the Issuer for the purposes of any refund-related communication.

The Issuer shall proceed in accordance with the then applicable laws of the Czech Republic and shall use its reasonable endeavours to obtain the refund or will inform the Beneficial Owner that it is not in position to process such request. Subject to the due and timely receipt of the Beneficial Ownership Information, if the Issuer in its sole and absolute discretion determines that it is entitled to file a refund claim with the Czech tax authorities for any previously withheld Withholding Tax and obtains a refund of any amounts so withheld, it shall pay any such amounts to the Beneficial Owner within ten Business Days of receipt thereof from the Czech tax authorities, net of a fixed amount of **EUR 1,000** (excl. VAT, if any) to cover the Issuer's administrative costs and expenses pertaining to the refund claim.

Any communication in respect of the Standard Refund Procedure shall be made directly between the Issuer and the relevant Beneficial Owner as Euroclear and Clearstream, Luxembourg and the Issuing and Principal Paying Agent are not engaged in the Standard Refund Procedure.

The Issuer may publish additional information in relation to the Standard Refund Procedure (including a change in contact details for delivery of the Beneficial Ownership Information) on the website of the Issuer.

In case of any withholding for or on account of the Tax Security, the relevant Beneficial Owner must directly approach the Czech tax authorities.

2. Taxation in the Czech Republic

The following is a general discussion of certain Czech tax consequences of the acquisition, ownership and disposition of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. As each Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Tranche of Notes as set out in the respective Final Terms, the following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Czech Republic currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. The information contained within this section are limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Notes in the Czech Republic. The summary is mainly based on the Act No. 586/1992 Coll., on Income Taxes, as amended (**Income Taxes Act**), and on other related laws which are effective as at the date of this Base Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Base Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or*

pension funds) and may change in the future depending on changes in the relevant laws that may occur after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Notes has been significantly affected by the Act No. 609/2020 Coll. (2021 ITA Amendment) and Act No. 353/2021 Coll. (2022 Banking Act Amendment), which amends some acts in the field of taxes and some other acts. The 2021 ITA Amendment has significantly changed the tax regime of notes issued after 31 December 2020. Subsequently, the 2022 Banking Act Amendment has reintroduced some provisions abolished by 2021 ITA Amendment. The new rules are quite controversial. Therefore, the tax regime of notes (including the Notes) is currently associated with many ambiguities. In the Issuer's opinion, the summary below represents a rational interpretation of the relevant provisions of the Income Taxes Act in relation to notes.

The following summary assumes that the person to whom any income is paid in connection with the Notes is a beneficial owner of such income (within the OECD meaning of this term), i.e. it does not act, for example, as a proxy, agent, depositary or in any other similar position in which any such payments would be received on account of another person or entity.

For the purposes of this section (*Taxation*), the following terms have the following meaning:

Beneficial Owner means a holder of a Note if such holder is also a beneficial owner (within the OECD meaning of this term) in respect of income paid on or in connection with such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning, in each case under the Income Taxes Act as well as for the purposes of a relevant Tax Treaty (if any).

Czech Permanent Establishment means a permanent establishment in the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty, if any.

Coupon means any note yield other than a note yield that is determined by reference to the difference between the nominal value of a note and its issue price (i.e. yield determined as the Discount). For the avoidance of doubt, the Coupon also includes the Early Redemption Premium.

Coupon Note means a note that has the issue price equal to its nominal value. For the avoidance of doubt, the Coupon Note is not a note with a yield that is determined by reference to the combination of the Discount and the Coupon.

Czech Tax Non-Resident means a taxpayer who is a tax resident of the Czech Republic neither under the Income Taxes Acts nor under any Tax Treaty.

Czech Tax Resident means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Acts as well as under a relevant Tax Treaty, if any.

Discount means a positive difference between the nominal value of a note and its lower issue price.

Discounted Note means a note that has the issue price lower than the nominal value. For the avoidance of doubt, the Discounted Note is also a note with a yield that is determined by the combination of the Discount and the Coupon.

Early Redemption Premium means any extraordinary yield paid by an issuer in the event of early redemption of a note.

Legal Entity means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality).

Non-Qualifying Czech Tax Non-Resident means the Czech Tax Non-Resident other than the Qualifying Czech Tax Non-Resident.

Person Related Through Capital means every person (whether an individual or a Legal Entity) in a situation where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25% of the registered capital of, or 25% of the voting rights in, such other person/persons.

Relief at Source Procedure means a procedure whereby income proceeds are paid taking into account exemption and/or applicable reduced rate as foreseen by the applicable tax laws or under any applicable Tax Treaty.

Qualifying Czech Tax Non-Resident means the Czech Tax Non-Resident (whether an individual or a Legal Entity) who (i) is not the Person Related Through Capital to the Issuer and (ii) has not created a legal relationship with the Issuer mainly for tax reasons (i.e. with the aim to reduce a tax base or to increase a tax loss).

Tax Security means a special amount collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of a note or by the buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability).

Tax Treaty means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the elimination of double taxation in relation to Taiwan, as amended.

Withholding Agent means a payer of (taxable) income who is responsible for making the deduction of (i) the Withholding tax or (ii) the Tax Security, as applicable, and their remittance to the tax authorities.

Withholding Tax means a tax collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of the note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

Interest Income

Czech Tax Residents

(a) Individuals

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15%. This tax represents final taxation of the Coupon in the Czech Republic.

The yield in the form of the Discount paid to an individual is not subject to the Withholding tax or Tax Security. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. If an individual holds the Note, which is the Coupon Note, until its maturity (or early redemption) and this individual acquired such Note on a secondary market at an amount below the nominal value of the Note (or below other amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any), such (positive) difference is also included in the individual's general tax base.

(b) Legal Entities

The yield (whether in the form of the Discount or the Coupon) paid to a Legal Entity is not subject to the Withholding Tax, but it is rather included in the general tax base, which is subject to corporate income tax at a flat rate of 19%. The Legal Entity which is an accounting unit is generally required to recognise the yield in its profit and loss statement on an accrual basis.

Qualifying Czech Tax Non-Residents

The yield from the Note (whether in the form of the Discount or the Coupon) paid to a Qualifying Czech Tax Non-Resident (whether an individual or a Legal Entity) is exempt from Czech taxation.

Non-Qualifying Czech Tax Non-Residents

(a) Individuals

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15% or 35%. The 35% rate applies to recipients, which do not have Czech Permanent Establishment to which the Notes are attributable and, at the same time, are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double Tax Treaty or an effective double (or multilateral) treaty on the exchange of information. The 15% rate applies to all other recipients. This tax generally represents a final taxation of the Coupon in the Czech Republic. However, an individual who is a tax resident of an EU/EEA member state may decide to include the Coupon in his/her tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final Czech tax liability as declared in the tax return.

The yield in the form of the Discount paid to an individual is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. However, if the Notes are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1% applicable to a gross amount paid (i.e. the nominal value of the Note upon the maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) an individual holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this individual acquired such Note on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that individual's Czech Permanent Establishment, such (positive) difference is also included in the individual's general tax base.

(b) Legal Entities

The yield in the form of the Coupon paid to a Legal Entity, where the Note is not attributable to its Czech Permanent Establishment, is subject to the Withholding Tax at a rate of 15% or 35%. The 35% rate applies to recipients, which are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double Tax Treaty or an effective double (or multilateral) treaty on the exchange of information. The 15% rate applies to all other recipients. This tax generally represents final taxation of the Coupon in the Czech Republic. However, the Legal Entity who is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of the Coupon paid to a Legal Entity, where the Note is attributable to its Czech Permanent Establishment, is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 19%. Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10% applicable to the amount of the Coupon (on a gross basis). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

The yield in the form of the Discount paid to the Legal Entity is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 19%. However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and the price at which the Legal Entity acquired the Note. However, if the Notes are not attributable to Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold

the Tax Security at the rate of 1% applicable to gross amount (i.e. the nominal value of the Note at maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) a Legal Entity holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this Legal Entity acquired such Note on a secondary market for an amount below the nominal value of the Note (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and (iii) such Note is attributable to that Legal Entity's Czech Permanent Establishment, such (positive) difference is also included in its general tax base.

A Legal Entity which is an accounting unit and where the Notes are attributable to its Czech Permanent Establishment, is generally required to recognise the yield (whether in the form of the Discount or the Coupon) in its profit and loss statement on an accrual basis.

Capital gains/losses

Czech Tax Residents

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt).

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains from the sale of the Notes realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). If an individual has held the Notes in connection with his/her business activities, such gains are also subject to social security and health insurance contributions. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

(b) Legal Entities

Capital gains from the sale of the Notes are included in the general tax base, which is subject to corporate income tax at a rate of 19%. Losses from the sale of the Notes realised by Legal Entities are generally tax deductible.

Czech Tax Non-Residents

Capital gains from the sale of the Notes realised by a Czech Tax Non-Resident are subject to taxation in the Czech Republic provided that:

- the Notes are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling these Notes, or
- the Notes are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Notes through his/her/its Czech Permanent Establishment.

Therefore, capital gains realised by a Czech Tax Non-Resident where the Notes are sold to another Czech Tax Non-Resident and where such Notes are attributable to neither (i) a Czech Permanent Establishment of the seller nor (ii) a Czech Permanent Establishment of the buyer, are out of scope of Czech taxation.

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt).

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains (as defined above) from the sale of the Notes realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

Furthermore, if the Notes are sold by an individual who is not a tax resident of an EU/EEA member state, a buyer acting as a Withholding Agent may be required to withhold a Tax Security amounting to 1% of the gross purchase price. The buyer will be act as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

(b) Legal Entities

Capital gains from the sale of the Notes, which are subject to Czech taxation (as defined above), are included in the general tax base, which is subject to corporate income tax at a rate of 19%. Losses from the sale of the Notes realised by the Legal Entities are generally tax deductible. However, according to certain interpretations, such losses are not tax deductible for a Czech Tax Non-Resident who does not keep its accounting books under the Czech accounting rules.

Furthermore, if the Notes are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting to 1% of the gross purchase price. The buyer will be acting as a Withholding agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

Benefits under Tax Treaties

A Tax Treaty may reduce or even fully eliminate Czech taxation of interest income from the Notes or capital gains from their sale (including a Tax Security withholding, if applicable). Such Tax Treaty relief is usually applicable on the condition that the income recipient who is a Czech Tax Non-Resident does not hold the Notes through his/her/its Czech Permanent Establishment. Furthermore, the entitlement to particular Tax Treaty benefits is generally conditional on presenting documents proving that the income recipient qualifies for the Tax Treaty benefits including, in particular (i) a tax residency certificate issued by the relevant tax authorities and (ii) a beneficial ownership declaration of the income recipient. Entitlement to particular Tax Treaty benefits may also be conditional on meeting further specific criteria under that Tax Treaty.

Reporting Obligation

An individual holding the Notes (whether a Czech Tax Resident or a Czech Tax Non-Resident) is obliged to report to the Czech tax authorities any income earned in connection with the Notes if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15% of a gross amount of the unreported income.

A Withholding Agent (including the Issuer) is obliged to file a formal notification to the relevant Czech tax authorities upon making a payment that (i) is subject to the Withholding Tax, (ii) would be subject to the Withholding Tax, but is not because the income is tax-exempt or a Tax Treaty prevents taxation of that income in the Czech Republic, subject to certain exemptions, or (iii) is subject to withholding of the Tax Security.

Value Added Tax

There is no Czech value added tax payable in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

Other taxes or duties

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by either the Czech Tax Resident or the Czech Tax Non-Resident in respect of or in connection with the mere purchase, holding or disposition of the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 19 May 2023, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *Form of the Notes Terms and Conditions of the Notes*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies *Prohibition of Sales to EEA Retail Investors* as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II);
or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised, offered, sold or otherwise made available to any Belgian consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code*

de droit économique) dated 28 February 2013, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the FinSA) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a Base Prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base

Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by resolution of the Board of Directors of the Issuer recorded in the minutes from the meeting of the Board of Directors dated 10 May 2023.

Approval of the Base Prospectus, Listing and Admission to Trading of the Notes

Application has been made to the CSSF to approve this document as a base prospectus in accordance with the Prospectus Regulation. Application may be made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR), respectively.

Notes which are unlisted or to be listed or admitted to trading, as the case may be, on another stock exchange or market may be issued under this Programme but only, in the case of Notes listed or admitted to trading on another stock exchange or market, if the Issuer ensures that all laws and regulations are complied with including, amongst others, any applicable requirements for notifications of competent authorities and other requirements set out in the Prospectus Regulation.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and admitted to trading and, if so, on which stock exchanges and markets.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note will be EUR100,000 or, where it is a Note to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access, EUR1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Issuing and Principal Paying Agent for the time being in London and, in the case of documents listed under paragraphs (a), (b), (d) and (e) also on the Issuer's website www.jtbank.eu, where they will remain publicly available in electronic form for at least ten years after their publication on the relevant websites:

- (a) the Founding Deed and Articles of Association of the Issuer (with an English translation thereof);
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2022 and 31 December 2021 (drawn up in English or with an English translation thereof), in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares consolidated and separate financial statements (which are audited) on an annual basis;
- (c) the Programme Agreement, the Deed of Covenant and the Agency Agreement;
- (d) a copy of this Base Prospectus; and
- (e) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

No Significant or Material Adverse Change

There has been no significant change in the financial performance since 31 December 2022 or the financial position of the Issuer or the Group since 31 December 2022. There has been no material adverse change in the prospects of the Issuer since 31 December 2022.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had in such a period a significant effect on the financial position or profitability of the Issuer.

Material Contracts

The Issuer has not entered into any contracts (excluding contracts entered into in the ordinary course of business) which are, or may be, material or which contain a provision under which the Issuer or another member of the Group has an obligation or entitlement which is material to the Issuer's ability to meet its obligations to security holders in respect of securities to be issued under the Programme.

Auditors

The auditors of the Issuer, who have audited the Issuer's accounts, without modification, in accordance with International Standards on Auditing as at and for each of the two financial years ended on 31 December 2022 and 31 December 2021, are KPMG Česká republika Audit, s.r.o. (the **Auditor**), members of the Chamber of Auditors of the Czech Republic, registration number 71.

The statutory auditor responsible for the audit of the Issuer's accounts is Mr. Jindřich Vašina, registration number 2059.

The Issuer states that neither the Auditor nor any of its members has any significant interest in the Issuer. In connection with this statement, the Issuer especially took into account the Auditor's potential ownership of securities issued by the Issuer, the Auditor's potential prior participation in any governing bodies of the Issuer, and/or the Auditor's potential affiliation with other entities involved in the Issue.

Post-issuance Information

The Issuer does not intend to provide any post-issuance information, except as required by any applicable laws and regulations.

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