

THIS DOCUMENT IS A TRANSLATION OF THE ORIGINAL CZECH VERSION OF THE PROSPECTUS. THE ISSUER IS RESPONSIBLE FOR THE TRANSLATION OF THE PROSPECTUS AS THE RESPONSIBLE PERSON FOR THE DRAWING UP OF THE ENGLISH-SLOVAK VERSION OF THE PROSPECTUS. IN CASE OF DIFFERENCES IN THE LEGALLY BINDING PARTS OF THIS PROSPECTUS, THE ORIGINAL CZECH VERSION SHALL HAVE PRIORITY. THE CZECH NATIONAL BANK WHICH APPROVED THE ORIGINAL CZECH VERSION OF THE PROSPECTUS HAS NOT REVIEWED AND APPROVED THIS TRANSLATION.

TENTO DOKUMENT JE PREKLADOM ORIGINÁLNEJ ČESKEJ VERZIE PROSPEKTU. ZA PREKLAD PROSPEKTU ZODPOVEDÁ EMITENT AKO OSOBA ZODPOVEDNÁ ZA VYHOTOVENIE ANGLICKO-SLOVENSKEJ VERZIE PROSPEKTU. V PRÍPADE ROZDIELNEHO ZNENIA PRÁVNE ZÁVÄZNÝCH ČASTÍ TOHTO PROSPEKTU BUDE MAŤ PREDNOSŤ JEHO ORIGINÁLNE ČESKÉ ZNENIE. ČESKÁ NÁRODNÁ BANKA, KTORÁ SCHVÁLILA ORIGINÁLNU ČESKÚ VERZIU PROSPEKTU, NEPRESKÚMAVALA A NESCHVÁLILA TENTO PREKLAD.

J&T BANKA, a.s.

Prospectus of subordinated unsecured yield certificates without maturity date with a yield of 7.00% p.a. subject to the fulfilment of specified conditions with a nominal value of EUR 1,000 ISIN: CZ0003707275

This document constitutes a prospectus (the "**Prospectus**") of subordinated book-entry unsecured yield certificates with no fixed maturity (redemption) date and an expected yield of 7.00% per annum, the payout of which is subject to the fulfilment of the conditions set out in the terms and conditions of these certificates, with a nominal value of EUR 1,000 per certificate and an assumed total nominal value of the issue of EUR 100,000,000, which may be increased up to EUR 200,000,000, issued by **J&T BANKA, a.s.**, Company ID No.: 471 15 378, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number B 1731 (the aforementioned certificates hereinafter referred to as the "**Certificates**"; the aforementioned entity issuing the Certificates hereinafter referred to as the "**Issuer**" or "**J&T Banka**"); each person holding the Certificates hereinafter referred to as the "**Certificate Owner**"). The issue date is set for 29 June 2022 (the "**Issue Date**") and the issue price as at the Issue Date is 100% of the nominal value of the Certificates. The nominal value and yields of the Certificates (if entitlement to these payments arises) shall be paid in euro (EUR).

The Certificates are unnamed securities issued in accordance with Czech law. The Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities. For the avoidance of doubt, the Certificates are not bonds within the meaning of Act No. 190/2004 Coll., on Bonds, as amended (the "**Act on Bonds**").

The Issuer is a bank within the meaning of Act No. 21/1992 Coll., on Banks, as amended (the "**Act on Banks**"). The Issuer expects that the Certificates will be issued at the level of the Issuer as well as at the level of the consolidation group of the Issuer's parent company, **J&T FINANCE GROUP SE**, Company ID No.: 275 92 502, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number H 1317 ("**J&T FINANCE GROUP SE**"), compiled for the purposes of prudential requirements in accordance with Article 18 of 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 (the "**CRR**") and the relevant measure of a general nature (as at the date of this Prospectus, the measure of a general nature on prudential consolidation issued by the Czech National Bank on 16 October 2014 under ref. no. 2014/47553/CNB/560) (the "**Prudential Consolidation Group**"), included in the additional tier 1 capital (AT1). The inclusion of the Certificates in the additional tier 1 capital at the Issuer level as well as at the level of the Issuer's Prudential Consolidation Group is subject to a discussion of such intention with the Czech National Bank (the "**CNB**" or the "**Czech National Bank**") and the Issuer cannot guarantee the outcome of such discussion in any respect.

This Prospectus has been drawn up and published for the purposes of an offer of the Certificates to the public within the meaning of Article 2(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and for the purposes of the admission of the Certificates to trading on a regulated market within the meaning of Article 3(3) of the Prospectus Regulation. The Certificates shall be offered to the public in the Czech Republic. The Issuer anticipates

that, in accordance with Article 25 of the Prospectus Regulation, it will request the Czech National Bank to provide the National Bank of Slovakia (the "NBS" or the "**National Bank of Slovakia**") with a certificate of approval of the Prospectus confirming that the Prospectus has been prepared in accordance with European Union law for the purpose of the offer of the Certificates to the public also in the Slovak Republic (the "**NBS Notification**"), and that following the NBS Notification the Certificates shall be offered to the public in the Slovak Republic as well.

Furthermore, this Prospectus has been prepared in accordance with Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Implementing Regulation 2019/980**"), with Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, supplementing the Prospectus Regulation with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, and in accordance with Part Four of Act No. 256/2004 Coll, on capital market undertakings, as amended. This Prospectus also includes the text of the terms and conditions of the Certificates.

In the context of the Prospectus Regulation and Implementing Regulation 2019/980, the Certificates are, by their economic substance, considered to be equity securities equivalent to shares issued by a credit institution within the meaning of Article 4(1)(1) of the CRR.

Based on a mandate agreement, the Issuer has authorized **J&T IB and Capital Markets, a.s.**, Company ID No.: 247 66 259, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, with activities related to the preparation of documentation for the issuance of the Certificates and the offer to the public.

The public offer of the Certificates shall be made in the Czech Republic by the Issuer and in the Slovak Republic (after the NBS Notification) by the Slovak branch of the Issuer, i.e. J&T BANKA, a.s., foreign bank branch, Dvořákovo nábřeží 10, 811 02 Bratislava, Slovak Republic. The Issuer shall apply for admission of the Certificates to trading on the Regulated Market of the Prague Stock Exchange, a.s., with its registered office at Rybná 14/682, 110 05 Prague 1, Company ID No.: 471 15 629, incorporated in the Commercial Register maintained by the Municipal Court in Prague, file number B 1773 (the "**PSE**" and the "**Regulated Market of the PSE**").

At the request of the Issuer made in accordance with Article 20 of the Prospectus Regulation and in accordance with Article 35 et seq. of Implementing Regulation 2019/980, the Prospectus was approved by the decision of the Czech National Bank ref. no. 2022/057990/CNB/570 for file no. S-Sp-2022/00053/CNB/572 dated 14 June 2022, which became enforceable on 15 June 2022. By deciding on the approval of a prospectus of a security, the Czech National Bank only certifies that the approved prospectus meets the standards of completeness, clarity and consistency required by the Prospectus Regulation and other relevant legislation, i.e. that it contains the necessary information which is essential for an investor to make an informed assessment of the issuer and the securities to be the subject of an offer to the public. An investor should always assess the profitability of an investment based on a full knowledge of the contents of the prospectus. The Czech National Bank does not assess the economic results or financial situation of the issuer and by approving the prospectus it does not guarantee the future profitability of the issuer or its ability to repay the yields or the nominal value of the security. The Czech National Bank supervises the offer of the Certificates to the public, in particular compliance with the Prospectus Regulation, but it does not exercise any special supervision over the Issue or the Issuer within the scope of the legal regulations governing the offer of securities to the public and their admission to trading on the Regulated Market of the PSE.

Central Securities Depository, a.s. with its registered office at Rybná 682/14, Staré Město, 110 00 Prague 1, Company ID No.: 250 81 489 (the "**Central Depository**"), assigned ISIN CZ0003707275 to the Certificates. The abbreviated name of the Issue is J&T BK 7.00 % PERP.

This Prospectus has been prepared as of 9 June 2022 (the "**Prospectus Date**"). If, after the approval date of this Prospectus, the Issuer becomes aware of any material new fact, material error or material inaccuracy relating to the information contained in this Prospectus which could affect the assessment of the Certificates and which has arisen or has been discovered after this date, the Issuer shall update this Prospectus by way of supplements to this Prospectus. Any such supplement shall be approved by the Czech National Bank and published in accordance with the law. **This Prospectus is valid only for a period of twelve months from its final approval by the Czech National Bank, i.e. until 15 June 2023. After the Prospectus expires, the Issuer shall not update or supplement it further, even if a material new fact, material error or material inaccuracy is discovered.**

Investors should consider the risks associated with an investment in the Certificates. The risk factors known to the Issuer as at the Prospectus Date which the Issuer considers to be material are set out in the chapter headed "*Risk Factors*" in this Prospectus.

This Prospectus, its supplements, all annual reports and semi-annual financial statements of the Issuer published after the Prospectus Date are available in electronic form on the Issuer's website www.jtbank.cz in section "*Important Information*" and also, upon request, at the Issuer's registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, on business days between 9:00 a.m. and 4:00 p.m.

If the Prospectus contains hyperlinks to websites, other than hyperlinks to information incorporated by reference, the information stated on the websites is not part of the Prospectus and has not been reviewed or approved by the Czech National Bank.

The Issuer shall publish reports on its financial results and financial position to the extent stipulated by generally binding legal regulations.

Issuer

J&T BANKA, a.s.

IMPORTANT NOTES

The Prospectus is a prospectus within the meaning of the relevant provisions of the Prospectus Regulation, approved by the CNB for the purpose of the offer of the Certificates to the public in the Czech Republic and, after the NBS Notification, also in the Slovak Republic, and for the purpose of admission of the Certificates to trading on the regulated market in the Czech Republic. The Prospectus contains the wording of the terms and conditions of the Certificates, defining the rights and obligations of the Certificate Owners and the Issuer. The Certificates are issued according to the law of the Czech Republic.

The Issuer has taken all reasonable care to ensure that the information contained in the Prospectus is true and complete, for which the Issuer is legally responsible. The Issuer has not approved any statement or information about the Issuer or the Certificates other than those contained in the Prospectus or the supplements thereto. No such other statement or information can be relied upon as having been approved by the Issuer. Unless otherwise stated, all information and statements in the Prospectus are made solely as at the date of the Prospectus. The delivery, publication or other form of making available of the Prospectus at any time after the Prospectus Date does not imply that the statements and information contained therein are correct as of any time after the date thereof.

The Prospectus must be read in conjunction with any supplements to the Prospectus, and in the event of any conflict between these documents, the most recently published document shall always prevail; however, these facts do not alter the fact that the information contained in the Prospectus is valid only as at the Prospectus Date.

The Certificates are complex and sophisticated investment instruments involving a high degree of risk and are intended for sale only to investors who are able to assess the risks associated with such instruments. Prospective investors should make sure that they understand the nature of the Certificates and the extent of their exposure to risk, and that they understand the nature of the Certificates as an investment, having regard to their circumstances and financial position. Prospective investors should make their own investigations and analyses in deciding whether or not to buy the Certificates, and should form their own opinion as to the profitability of an investment in the Certificates based on their own analyses and investigations. Each investor considering the purchase of the Certificates should first of all make its own assessment of the Issuer's financial situation. Prospective investors are advised to consult the investment in the Certificates with their independent financial advisors before making an investment decision.

The debts from the Certificates, if incurred in accordance with the terms and conditions of the Certificates, are subordinated (in the highest degree of subordination) and unsecured debts of the Issuer, the settlement of which is the sole responsibility of the Issuer. No third party (including the Czech Republic, any of its institutions, ministries, or other governmental or self-governmental bodies) shall be responsible for, guarantee or otherwise ensure the settlement of the debts from the Certificates. By accepting the Certificates for trading on the regulated market, the organiser of the regulated market does not assume any debts from the Certificates or guarantees for them (by accepting the Certificates for trading on the Regulated Market of the PSE, the PSE does not assume any debts from the Certificates). The Certificates do not constitute deposits and therefore claims on them are not covered by the Deposit Insurance Fund managed by the Financial Market Guarantee System. The distribution of the Prospectus and the offer, sale or purchase of the Certificates are restricted by law in certain states. The Certificates shall not be registered, authorised or approved by any administrative or other authority of any jurisdiction except for the approval of the Prospectus by the CNB and except for the inclusion of the Certificates in the additional tier 1 capital of the Issuer. In particular, the Certificates shall not be registered under the United States Securities Act of 1933 and must not be offered, sold or transferred within the United States or to persons who are residents of the United States except pursuant to an exemption from registration obligation under that Act or within a transaction which is not subject to such registration obligation. Persons, into whose possession the Prospectus comes, are responsible for complying with the restrictions that apply in each country to the offer, purchase or sale of the Certificates or the possession and distribution of any material relating to the Certificates.

Each prospective acquirer of the Certificates is solely responsible for ensuring that the sale or purchase of the Certificates is made in accordance with the relevant laws of the relevant jurisdiction. The information contained in chapters "Taxation" and "Enforcement of Private Law Claims" is provided as general information only and has been obtained from publicly available sources which have not been analysed in detail or independently verified by the Issuer. Prospective acquirers of the Certificates should rely solely on their own analysis of the factors set forth in these chapters and their own legal, tax and other professional advisors.

Prospective acquirers of the Certificates, particularly foreign acquirers, are advised to consult with their legal and other advisors regarding the provisions of applicable laws, in particular foreign exchange and tax laws of the Czech Republic, the countries of which they are residents, and other relevant countries whose laws may be relevant from the perspective of the prospective acquirers or the Certificates, as well as any relevant international agreements and their impact on specific investment decisions.

Certificate Owners, including any foreign investors, are encouraged to keep themselves informed of, and to comply with, all laws and other legal regulations governing the ownership (holding) of the Certificates, as well as the sale of the Certificates abroad, or the purchase of the Certificates from abroad, as well as any other transactions with the Certificates.

Any assumptions or projections concerning the future development of the Issuer, its financial situation, its business or its market position cannot be regarded as a declaration or binding promise of the Issuer as to future events or results, as such future events or results depend in whole or in part on circumstances and events beyond the Issuer's direct or complete control. Prospective acquirers of the Certificates should conduct their own analysis of any development trends or projections set out in the Prospectus, or make further independent investigations, as appropriate, and base their investment decisions on the results of such independent analyses and investigations.

Unless otherwise stated below, all financial information of the Issuer is based on International Financial Reporting Standards as adopted by the European Union (EU) under Regulation (EC) No. 1606/2002 (the "IFRS"). Certain values stated in the Prospectus have been adjusted by rounding. This means, among other things, that the values reported for the same item may differ slightly from place to place and the values reported as sums of some values may not be the arithmetic sum of the values on which they are based.

Capitalised terms used in the Prospectus have the meanings defined in this Prospectus. The wording of the terms and conditions of the Certificates in chapter "Terms and Conditions of the Certificates" of the Prospectus contains definitions and abbreviations.

If the Prospectus is translated into another language, the Czech language version of the Prospectus shall prevail in the event of any conflict between the Czech language version of the Prospectus and the version of the Prospectus translated into another language.

TABLE OF CONTENTS

IMPORTANT NOTES	4
TABLE OF CONTENTS	6
ZHRNUTIE	7
RISK FACTORS	14
PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT REPORTS AND COMPETENT AUTHORITY APPROVAL	27
STATUTORY AUDITORS	29
ESSENTIAL INFORMATION	30
TERMS AND CONDITIONS OF THE OFFER TO THE PUBLIC, ADMISSION TO TRADING AND DEALING ARRANGEMENT	33
TERMS AND CONDITIONS OF THE CERTIFICATES	38
INFORMATION ABOUT THE ISSUER	66
BUSINESS OVERVIEW OF THE ISSUER	67
REGULATORY ENVIRONMENT	78
TREND INFORMATION	81
ISSUER'S ORGANISATIONAL STRUCTURE	85
OPERATING AND FINANCIAL REVIEW	92
CAPITAL RESOURCES	98
PROFIT FORECASTS OR ESTIMATES	100
ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, REMUNERATION AND BENEFITS, PROCEDURES	101
EMPLOYEES	121
MAIN SHAREHOLDERS	122
RELATED PARTY TRANSACTIONS	123
FINANCIAL INFORMATION CONCERNING ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	125
MATERIAL CONTRACTS	132
ADDITIONAL INFORMATION	133
DOCUMENTS AVAILABLE	135
INFORMATION INCORPORATED BY REFERENCE	136
TAXATION	137
ENFORCEMENT OF PRIVATE LAW CLAIMS	139
INTERPRETATION	141
ADDRESSES	144

ZHRNUTIE

Nižšie uvedené zhrnutie uvádza kľúčové informácie, ktoré investori potrebujú, aby porozumeli povahe a rizikám Emitenta a Certifikátov. Zhrnutie je nutné vykladať v spojení s ostatnými časťami tohto Prospektu. Pojmy s počiatočným veľkým písmenom, ktoré sú použité v Zhrnutí, majú význam im priradený v emisných podmienkach Certifikátov alebo akejkoľvek inej časti Prospektu.

1. ÚVOD A UPOZORNENIE

Upozornenie	Toto zhrnutie by malo byť chápané ako úvod do Prospektu. Akékoľvek rozhodnutie investovať do nezaistených výnosových certifikátov („ Certifikáty “) by malo byť založené na tom, že investor zváži tento Prospekt a jeho dodatky ako celok. V prípade, keď je na súde vznesená žaloba týkajúca sa údajov uvedených v Prospekte a jeho dodatkoch, môže byť žalujúci investor povinný znášať náklady na preklad Prospektu a jeho dodatkov, vynaložené pred začatím súdneho konania, ak nebude v súlade s právnymi predpismi stanovené inak. Osoba, ktorá vypracovala a/alebo predložila zhrnutie Prospektu (vrátane prípadných dodatkov), vrátane jeho prekladu, je zodpovedná za správnosť údajov v tomto zhrnutí len v prípade, ak je zhrnutie zavádzajúce alebo nepresné alebo vykazuje nesúlad pri spoločnom výklade s ostatnými časťami Prospektu (vrátane prípadných dodatkov), alebo že zhrnutie pri spoločnom výklade s ostatnými časťami Prospektu (vrátane prípadných dodatkov) neobsahuje hlavné údaje, ktoré by umožnili adresátovi ponuky (investorovi) usúdiť, či je pre neho Certifikát vhodný. Produkt, ktorého kúpu zvažujete, je zložitý a môže byť ťažko zrozumiteľný.
Názov Certifikátu ISIN	Skrátený názov emisie Certifikátov je J&T BK 7,00 % PERP. Certifikátom bol Centrálnym depozitárom pridelený medzinárodný identifikačný kód ISIN CZ0003707275.
Identifikačné a kontaktné údaje Emitenta	Emitentom Certifikátov je spoločnosť J&T BANKA, a.s., IČO: 471 15 378, so sídlom Sokolovská 700/113a, Karlín, 186 00 Praha 8, zapísaná v obchodnom registri vedenom Mestským súdom v Prahe pod spisovou značkou B 1731, LEI: 31570010000000043842 („ Emitent “). Emitenta je možné kontaktovať na telefónnom čísle +420 221 710 111 alebo prostredníctvom e-mailovej adresy info@jtbank.cz.
Identifikačné a kontaktné údaje osôb ponúkajúcich Certifikáty a osoby, ktorá žiada o prijatie na obchodovanie na regulovanom trhu	Certifikáty bude Emitent ponúkať v Českej republike a prípadne aj v Slovenskej republike. V rámci verejnej ponuky v Českej republike bude Emitent prijímať pokyny prostredníctvom svojho ústredia v Prahe a v rámci prípadnej verejnej ponuky v Slovenskej republike prostredníctvom slovenskej pobočky Emitenta, J & T Banka, a.s., pobočka zahraničnej banky, Dvořákovo nábřeží 10, 811 02 Bratislava, Slovenská republika, LEI: 097900BEFH0000000217 („ Slovenská pobočka Emitenta “). Emitenta vo vzťahu k verejnej ponuke v Českej republike je možné kontaktovať na telefónnom čísle +420 221 710 300 alebo prostredníctvom e-mailovej adresy DealingCZ@jtbank.cz a vo vzťahu k ponuke v Slovenskej republike na telefónnom čísle +421 259 418 111 alebo prostredníctvom e-mailovej adresy info@jtbanka.sk. Emitent požiada o prijatie Certifikátov na obchodovanie na Regulovanom trhu Burzy cenných papierov Praha, a.s., so sídlom Rybná 14/682, 110 05 Praha 1, IČO: 471 15 629, zapísanej v obchodnom registri vedenom Mestským súdom v Prahe pod spisovou značkou B 1773 („ BCPP “ a „ Regulovaný trh BCPP “).
Identifikačné a kontaktné údaje orgánu, ktorý schvaľuje Prospekt	Prospekt bol schválený Českou národnou bankou ako orgánom vykonávajúcim dohľad nad finančným trhom podľa zákona č. 6/1993 Zb., o Českej národnej banke, v znení neskorších predpisov, a článku 31 Nariadenia o prospekte. Českú národnú banku možno kontaktovať na telefónnom čísle +420 224 411 111 alebo +420 800 160 170.
Dátum schválenia Prospektu	Prospekt bol schválený rozhodnutím Českej národnej banky č. k. 2022/057990/CNB/570 k sp. Zn. S-Sp-2022/00053/CNB/572 zo dňa 14. 6 2022, ktoré nadobudlo právnu moc dňa 15. 6. 2022.

2. KLÚČOVÉ INFORMÁCIE O EMITENTOVI

2.1 Kto je emitentom cenných papierov?

Sídlo a právna forma Emitenta, krajina registrácie a právne predpisy, podľa ktorých Emitent vykonáva činnosť	<p>Emitent je českou akciovou spoločnosťou. Emitent je zapísaný v obchodnom registri vedenom Mestským súdom v Prahe pod spisovou značkou B 1731, LEI: 3157001000000043842. Krajinnou registrácie Emitenta je Česká republika. Sídlo Emitenta je Sokolovská 700/113a, Karlín, 186 00 Praha 8, IČO: 471 15 378.</p> <p>Emitent sa riadi právnym poriadkom Českej republiky, najmä nasledujúcimi právnymi predpismi: zákon č. 89/2012 Zb., Občiansky zákonník, zákon č. 90/2012 Zb. o obchodných spoločnostiach a družstvách, zákon č. 21/1992 o bankách („Zákon o bankách“), vyhláška č. 163/2014 Zb., o výkone činnosti bánk, sporiteľných a úverových družstiev a obchodníkov s cennými papiermi, Nariadenie Európskeho parlamentu a Rady (EÚ) č. 575/2013 o obozretnostných požiadavkách na úverové inštitúcie a investičné podniky a o zmene nariadenia (EÚ) č. 648/2012, zákon č. 563/1991 Zb. o účtovníctve, zákon č. 256/2004 Zb., o podnikaní na kapitálovom trhu.</p>
Hlavné činnosti Emitenta	<p>Emitent je bankou v zmysle príslušných ustanovení Zákona o bankách. Emitent najmä prijíma vklady od verejnosti a poskytuje úvery. Emitent poskytuje služby: (i) privátneho bankovníctva (správa, ochrana a zhodnotenie majetku); (ii) korporátneho bankovníctva (štruktúrovanie, (re)financovanie, špecializované financovanie, služby pre korporátne financie, projektové financovanie); (iii) služby investičného bankovníctva (dlhové financovanie napr. dlhopisy, úverové kluby, privátne umiestnenie, zmenkové programy; ekviténe financovanie – primárna verejná ponuka, sekundárna ponuka, neverejné umiestnenie emisie; poradenstvo pre fúzie a akvizície); a (iv) služby pre finančné trhy (obchodovanie a investovanie na finančných trhoch, ekonomický výskum a analýzy, brokerské služby, zaistenie a vyrovnanie transakcií).</p>
Spoločníci Emitenta	<p>Jediným spoločníkom Emitenta je spoločnosť J&T FINANCE GROUP SE, IČO: 275 92 502, so sídlom Sokolovská 700/113a, Karlín, 186 00 Praha 8, zapísaná v obchodnom registri vedenom Mestským súdom v Prahe pod spisovou značkou H 1317 („J&T FINANCE GROUP SE“). J&T FINANCE GROUP SE je spoločne ovládaná Jozefom Tkáčom so 45,05 % podielom na základnom kapitále a hlasovacích právach a Ivanom Jakobovičom so 45,05 % podielom na základnom kapitále a hlasovacích právach. V spoločnosti J&T FINANCE GROUP SE vlastní nekontrolný podiel vo výške 9,9 % na základnom kapitáli a hlasovacích právach spoločnosť Rainbow Wisdom Investments Limited, ktorá je ovládaná čínskou skupinou CITIC Group Corporation.</p>
Kľúčové riadiace osoby Emitenta	<p>Kľúčovými riadiacimi osobami sú: Patrik Tkáč (predseda predstavenstva), Igor Kováč (člen predstavenstva), Štěpán Ašer (člen predstavenstva), Tomáš Klimíček (člen predstavenstva), Jan Kotek (člen predstavenstva) a Anna Macaláková (členka predstavenstva).</p>
Audítora Emitenta	<p>Audítora Emitenta je spoločnosť KPMG Česká republika Audit, s.r.o., IČO: 496 19 187, so sídlom Praha 8, Pobřežní 648/1a, PSČ 18600, zapísaná v obchodnom registri vedenom Mestským súdom v Prahe pod spisovou značkou C 24185, zapísaná v zozname Komory audítora Českej republiky pod evidenčným číslom 71 („Audítora“), pričom všetky účtovné závierky za posledné tri účtovné obdobia boli overené štatutárnym audítora Ing. Jindřichom Vašinom, evidenčné číslo 2059.</p>

2.2 Ktoré finančné informácie o Emitentovi sú kľúčové?

Kľúčové finančné informácie o Emitentovi	Konsolidovaný výkaz ziskov a strát (podľa IFRS)	k 31. 12. 2021 (v mil. Kč)	k 31. 12. 2020 (v mil. Kč)	k 31. 12. 2019 (v mil. Kč)
	Čisté úrokové výnosy		4 465	3 674
Čisté výnosy z poplatkov a provízií		1 605	1 203	1 397
Čistý zisk z obchodovania		(133)	985	657
Čistá zmena opravných položiek z finančných aktív v reálnej hodnote		6	(95)	(29)
Prevádzkové výnosy celkovo		6 150	5 906	6 319

Prevádzkový výsledok hospodárenia	3 227	2 978	3 331
Zisk za účtovné obdobie	2 804	1 666	3 156

Konsolidovaný výkaz o finančnej pozícii (podľa IFRS)	k 31. 12. 2021 (v mil. Kč)	k 31. 12. 2020 (v mil. Kč)	k 31. 12. 2019 (v mil. Kč)
Aktíva celkovo	203 251	175 037	151 722
Peniaze a peňažné ekvivalenty	68 011	41 519	59 834
Podriadený dlh	73	224	809
Úvery a zálohy preddavky klientom	93 154	98 795	68 320
Vklady a úvery od klientov	154 330	138 620	114 551
Kmeňový kapitál Tier 1 (CET1)	13,31 %	12,93 %	13,90 %
Celkový pomer regulátorného kapitálu	16,21 %	14,96 %	16,48 %
Vlastné imanie celkovo	26 223	22 537	21 514

Uvedené účtovné údaje vychádzajú z hodnôt uvedených v konsolidovaných účtovných výkazoch Emitenta k 31. 12. 2021, 31. 12. 2020 a k 31. 12. 2019 overených Audítorm. Audítorm vydal k uvedeným finančným výkazom výrok „bez výhrad“. Od dátumu poslednej účtovnej uzávierky Emitenta overenej Audítorm nedošlo k žiadnej podstatnej negatívnej zmene vo vyhlídkach Emitenta. Od konca obdobia, za ktoré boli uverejnené Emitentove finančné údaje, do Data Prospektu nedošlo k žiadnej podstatnej zmene finančnej alebo obchodnej situácie Emitenta.

2.3 Aké sú hlavné riziká, ktoré sú špecifické pre Emitenta?

Hlavné riziká špecifické pre Emitenta	<p>Rizikové faktory vzťahujúce sa na Emitenta zahŕňajú predovšetkým nasledujúce potenciálne skutočnosti:</p> <p>Riziko narastajúcich makroekonomických nerovnováh: Emitent je vystavený riziku narastajúcich makroekonomických nerovnováh a porúch, ktoré sú dôsledkom mnohých výnimočných udalostí, ktoré zásadne ovplyvnili medzinárodné aj lokálne finančné trhy, komoditné trhy, odberateľsko-dodávateľské vzťahy aj geopolitickú situáciu, ako sú dôsledky pandémie ochorenia SARS-CoV-2 alebo vojnový konflikt na Ukrajine. Ich dôsledky môžu podstatne zasiahnuť klientov Emitenta aj samotného Emitenta, čo môže ohroziť schopnosť Emitenta plniť v prospech vlastníkov certifikátov.</p> <p>Riziko koncentrácie: Podľa odborového členenia má Emitent významnú úverovú expozíciu predovšetkým voči klientom v sektore nehnuteľností a ďalej napríklad (ale už v menšom pomere) voči klientom v sektore dopravy a skladovania, peňažníctva, veľkoobchodu a maloobchodu, informačnej a komunikačnej činnosti, kultúrnej, športovej, zábavnej a rekreačnej činnosti či spracovateľského priemyslu a stavebníctva. V súvislosti s poklesom určitého odboru alebo odvetvia by mohli zákazníci a obchodní partneri Emitenta utrpieť značné straty a došlo by k zvýšeniu kreditného rizika a rizika protistrany, čo môže mať negatívny vplyv na podnikanie Emitenta, jeho hospodárske výsledky a schopnosť plniť v prospech vlastníkov Certifikátov.</p> <p>Trhové riziko: Emitent má značné obchodné a investičné pozície v rôznych druhoch aktív – dlhové, menové, akciové inštrumenty, investície typu súkromného kapitálu (private equity) a ďalšie typy aktív vrátane zabezpečovacích inštrumentov (deriváty typu forward či swap). Tieto pozície môžu byť nepriaznivo ovplyvnené volatilitou na finančných a kapitálových trhoch. Emitent môže pri svojich obchodných a investičných aktivitách utrpieť značné ekonomické straty v dôsledku výkyvov na finančných a kapitálových trhoch a zvýšenej volatility, čo môže negatívne ovplyvniť jeho podnikanie, jeho hospodárske výsledky a schopnosť plniť v prospech vlastníkov Certifikátov.</p> <p>Menové riziko: Emitent je vystavený riziku pohybu výmenných kurzov predovšetkým voči euru. Emitent plne nezabezpečuje svoju kapitálovú pozíciu voči zmenám výmenných kurzov. Volatilita výmenných kurzov môže mať nepriaznivý vplyv na prevádzkové výsledky Emitenta a jeho kapitálovú pozíciu a vo výsledku môže ohroziť jeho schopnosť plniť v prospech vlastníkov Certifikátov.</p>
--	---

3. KLÚČOVÉ INFORMÁCIE O CERTIFIKÁTOCH

3.1 Aké sú hlavné znaky cenných papierov?

Certifikáty	Certifikáty sú nepomenované zaknihované cenné papiere vydávané v súlade s českými právnymi predpismi. Certifikáty majú charakter hybridných finančných inštrumentov, ktoré kombinujú charakteristiky kapitálových a dlhových cenných papierov, sú nezabezpečené a podriadené (s najvyšším stupňom podriadenosti). Certifikáty budú vydané v predpokladanej celkovej menovitej hodnote emisie 100 000 000 eur (v predpokladanom počte 100 000 kusov, každý v menovitej hodnote 1 000 eur), ktorá môže byť navýšená až do výšky 200 000 000 eur.
Mena	EUR
Opis práv spojených s Certifikátmi	Práva a povinnosti Emitenta a vlastníkov Certifikátov upravujú emisné podmienky Certifikátov. S Certifikátmi nie sú spojené žiadne predkupné ani výmenné práva. S Certifikátmi je spojené právo na výnos za podmienok stanovených emisnými podmienkami. Menovitá hodnota Certifikátov môže byť rozhodnutím Emitenta znížená za podmienok stanovených emisnými podmienkami. Certifikáty nemajú stanovený dátum splatnosti a vlastníci Certifikátov nemajú právo žiadať ich splatenie. K splateniu Certifikátov môže dôjsť len (i) ak bude rozhodnuté o zrušení Emitenta s likvidáciou, alebo (ii) ak tak rozhodne Emitent po predchádzajúcom súhlase ČNB. Vlastníci Certifikátov majú ďalej právo zúčastniť sa na schôdzi vlastníkov Certifikátov a hlasovať na nej o vyslovení súhlasu so zmenami emisných podmienok, pokiaľ nejde o zmeny, ktoré je Emitent oprávnený vykonať bez súhlasu schôdze. Práva z Certifikátov nie sú zabezpečené Emitentom ani žiadnou treťou osobou (ručením alebo vybraným majetkom).
Poradie prednosti Certifikátov v prípade platobnej neschopnosti Emitenta	V prípade vstupu Emitenta do likvidácie alebo insolvenčného konania Emitenta majú Certifikáty najvyšší stupeň podriadenosti a sú podriadené všetkým pohľadávkam voči Emitentovi (vrátane pohľadávok z kapitálových nástrojov a podriadených pôžičiek zahŕňaných do kapitálu tier 2 Emitenta) s výnimkou iných investičných nástrojov, ktoré budú zahrnuté do vedľajšieho kapitálu tier 1 Emitenta, a iných investičných nástrojov, ktoré budú zahrnuté do vedľajšieho kapitálu tier 2 Emitenta a ktoré budú na rovnakom stupni podriadenosti ako Certifikáty. Emitent má za podmienok uvedených v emisných podmienkach Certifikátov právo rozhodnúť o znížení menovitej hodnoty Certifikátov (bez toho, aby bol povinný rozhodnúť o jej opätovnom navýšení). Ak by boli splnené podmienky pre uplatnenie opatrení na riešenie krízy podľa zákona č. 374/2015 Zb. o ozdravných postupoch a riešení krízy na finančnom trhu („ZOPRK“), a ak by nepostačovalo zníženie položiek kmeňového kapitálu tier 1 Emitenta na plné uhradenie straty, môže ČNB v súlade s pravidlami ozdravných postupov a riešenia krízy úverových inštitúcií alebo investičných podnikov odpísať Certifikáty (znižiť ich menovitú hodnotu) alebo konvertovať Certifikáty, a to sčasti alebo celkom.
Prevoditeľnosť	Prevoditeľnosť Certifikátov nie je obmedzená.
Výnos	S Certifikátmi je spojené právo na výnos z ich menovitej hodnoty stanovený pevnou sadzbou vo výške 7,00 % ročne s tým, že Emitent môže na výplatu výnosu použiť len Disponibilné zdroje ¹ . Vznik práva na výnos za každé jednotlivé výnosové obdobie je podmienený tým, že (i) Emitent bude mať Disponibilné zdroje, o ktorých použití na výplatu výnosu Certifikátov rozhodlo valné zhromaždenie Emitenta, a (ii) Emitent nerozhodne (podľa vlastného uváženia, pričom v určených prípadoch je povinný tak urobiť) o zrušení výplaty výnosov z Certifikátov. Právo na výnos automaticky zanikne, ak pomer pre kmeňový kapitál tier 1 na úrovni Emitenta alebo na úrovni obozretnostného konsolidačného celku sa zníži pod 5,125 %. Výnosy budú vyplácané späť za každé výnosové obdobie, ktoré je šesť

¹ Disponibilné zdroje sú tzv. rozdeliteľné položky v zmysle článku 52 ods. 1 písm. l) bod i) v spojení s článkom 4 ods. 1 bod 128 CRR, resp. výška zisku ku koncu posledného účtovného obdobia zvýšená o všetok zisk z predchádzajúcich období a fondy určené na tento účel pred rozdelením medzi držiteľov kapitálových nástrojov a znížená o všetky straty z predchádzajúcich období, o zisk, ktorý nie je rozdeliteľný podľa právnych predpisov alebo pravidiel Emitenta, a o platby vložené do nedeliteľných fondov v súlade s príslušnými právnymi predpismi alebo stanovami Emitenta, pričom výška týchto strát a fondov sa určuje na základe individuálnej, nie konsolidovanej účtovnej závierky Emitenta.

	(6) mesiacov, a to vždy k 10. dňu kalendárneho mesiaca nasledujúceho po mesiaci, v ktorom sa skončilo dané výnosové obdobie. Skrátenie alebo nevyplatenie výnosov za dané výnosové obdobie je trvalé a nebude sa nijako kompenzovať v nasledujúcich výnosových obdobiach.
--	---

3.2 Kde budú Certifikáty obchodované?

Prijatie na regulovaný trh	Emitent požiada o prijatie Certifikátov na obchodovanie na Regulovanom trhu BCPP a predpokladá, že Certifikáty budú prijaté na obchodovanie k Dátumu emisie.
-----------------------------------	--

3.3 Aké sú hlavné riziká, ktoré sú špecifické pre Certifikáty?

Hlavné riziká špecifické pre Certifikáty	<p>Rizikové faktory vzťahujúce sa na Certifikáty zahŕňajú predovšetkým nasledujúce právne a iné skutočnosti:</p> <p><u>Riziko absencie dátumu splatnosti a povinnosti Emitenta Certifikáty splatiť:</u> Na rozdiel od dlhopisov nemajú Certifikáty stanovený dátum splatnosti. Vlastníci Certifikátov nemajú právo (s výnimkou prípadov platobnej neschopnosti alebo likvidácie Emitenta) požadovať splatenie Certifikátov z akéhokoľvek dôvodu a ani nie sú oprávnení požadovať akúkoľvek náhradu škody alebo uplatňovať akékoľvek nároky voči Emitentovi alebo akejkoľvek inej osobe v súvislosti s nimi.</p> <p><u>Riziko zrušenia výplaty výnosu a skrátenia výplaty výnosu:</u> Výnos môže byť zrušený alebo skrátený podľa rozhodnutia Emitenta. Nevyplatenie výnosu v príslušnom období nebude kompenzované pri vyplácaní výnosu v nasledujúcich obdobiach. Plnenie výnosov z Certifikátov je podmienené splnením podmienok, okrem iného dostatočnou výškou zisku, dostupnosťou disponibilných zdrojov alebo skutočnosťou, že vyplatenie výnosov nesmie ohroziť kapitálovú pozíciu Emitenta. Nesplnenie ktorejkoľvek z podmienok môže mať za následok zrušenie výplaty výnosu alebo len jeho časti. Zrušenie výplaty výnosov alebo krátenie výplaty výnosov môže mať negatívny vplyv na trhovú cenu Certifikátov a na návratnosť investície.</p> <p><u>Riziko zníženia časti/celej menovitej hodnoty Certifikátov rozhodnutím Emitenta:</u> Nominálna hodnota každého Certifikátu môže byť znížená až na 1 cent (0,01 eura). Znížením menovitej hodnoty zároveň dochádza k zníženiu výšky nároku vlastníkov Certifikátov v prípade likvidácie Emitenta, zníženiu odkupnej ceny pri prípadnej splatnosti Certifikátov a zníženiu výnosov z Certifikátov (v rozsahu zníženia menovitej hodnoty Certifikátov). Znížením menovitej hodnoty tak môžu Vlastníci Certifikátov stratiť časť alebo v podstate celú sumu svojej investície.</p> <p><u>Riziko neexistencie povinnosti opätovne zvýšiť menovitú hodnotu Certifikátov:</u> Ak dôjde k zníženiu menovitej hodnoty Certifikátov, Emitent nie je povinný rozhodnúť o jej opätovnom zvýšení. Vlastníci Certifikátov sa preto nemôžu domáhať opätovného zvýšenia menovitej hodnoty a akokoľvek je takýto postup možný, je celkom ponechaný na uváženie Emitenta.</p> <p><u>Riziko zníženia časti/celej menovitej hodnoty Certifikátov rozhodnutím orgánu príslušného na riešenie krízy:</u> Ak by boli splnené podmienky pre uplatnenie opatrení na riešenie krízy podľa ZOPRK a ak by nepostačovalo zníženie položiek kmeňového kapitálu tier 1 Emitenta na plné uhradenie straty, môže ČNB v súlade s pravidlami ozdravných postupov a riešenia krízy úverových inštitúcií alebo investičných podnikov rozhodnúť okrem iného o znížení menovitej hodnoty Certifikátov v prípade, keď usúdi, že bez takého zníženia už nebude Emitent alebo Skupina životaschopná alebo že vyžaduje mimoriadnu verejnú finančnú podporu.</p> <p><u>Riziko absencie zaistenia a poistenia:</u> Certifikáty nie sú zabezpečené. Na pohľadávky z Certifikátov (ak existujú) sa nevzťahuje žiadne zákonné alebo iné poistenie ani právu na plnenie. Certifikáty nepredstavujú vklady, a preto pohľadávky z nich nie sú kryté poistením pohľadávok z vkladov z Fondu poistenia vkladov spravovaným Garančným systémom finančného trhu.</p> <p><u>Riziko podriadenosti a obmedzenia práv v insolvenčnom konaní:</u> Certifikáty sú podriadené (v najvyššom stupni podriadenosti). V prípade (i) vstupu Emitenta do likvidácie alebo (ii) vydania rozhodnutia o úpadku Emitenta alebo (iii) riešenia krízy inštitúcie (Emitenta) podľa ZOPRK majú Certifikáty najvyšší stupeň podriadenosti a sú podriadené všetkým ostatným pohľadávkam voči Emitentovi vrátane pohľadávok vyplývajúcich z akéhokoľvek emisie podriadených investičných nástrojov vydaných Emitentom (či už pred vydaním Certifikátov alebo po ňom), s výnimkou investičných nástrojov, ktoré budú zahrnuté do vedľajšieho kapitálu tier 1 Emitenta.</p>
---	--

4. KEÚČOVÉ INFORMÁCIE O VEREJNEJ PONUKE CERTIFIKÁTOV A ICH PRIJATÍ NA OBCHODOVANIE NA REGULOVANOM TRHU

4.1 Za akých podmienok a podľa akého časového rozvrhu môžem investovať do Certifikátu?

Všeobecné podmienky verejnej ponuky	<p>Certifikáty bude Emitent ponúkať v rámci verejnej ponuky podľa článku 2 písm. d) Nariadenia o prospekte v Českej republike a na základe prípadného oznámenia NBS aj v Slovenskej republike, a to priebežne v období od 16. 6. 2022 do 10. 6. 2023. Certifikáty môžu byť vydané jednorazovo k Dátumu emisie alebo priebežne kedykoľvek po Dátume emisie v priebehu lehoty pre upisovanie, prípadne dodatočné lehoty pre upisovania. Certifikáty nebudú vydávané v rôznych tranžiaciach a Emitent nebude preferenčne zaobchádzať s určitými typmi investorov alebo určitými skupinami osôb. V súvislosti s podaním objednávky majú investori povinnosť uzavrieť či mať uzatvorenú s Emitentom zmluvu, o. i. s cieľom otvorenia majetkového účtu v evidencii investičných nástrojov vedenej CDCP (pokiaľ takýto majetkový účet už nemajú otvorený u iného účastníka Centrálného depozitára) alebo vedenia podobnej evidencie cenných papierov u Emitenta, a podania pokynu na obstaranie nákupu Certifikátov, prípadne môžu byť Emitentom vyzvaní na predloženie ďalších potrebných dokumentov a identifikačných údajov, aby mohli byť vedení ako klienti. Podmienkou nákupu Certifikátov je uzatvorenie zmluvy o poskytovaní investičných služieb medzi investorom a Emitentom a podanie pokynu na obstaranie nákupu Certifikátov podľa zmienenej zmluvy. V rámci verejnej ponuky v Českej republike bude Emitent prijímať pokyny prostredníctvom svojho ústredia v Prahe a v rámci prípadnej verejnej ponuky v Slovenskej republike prostredníctvom Slovenskej pobočky Emitenta.</p>
Časový rozvrh	<p>Certifikáty sa budú ponúkať od 16. 6. 2022 do 10. 6. 2023.</p>
Informácie o prijatí na obchodovanie	<p>Emitent požiada o prijatie Certifikátov na obchodovanie na Regulovalom trhu BCPP a predpokladá, že Certifikáty budú prijaté na obchodovanie k Dátumu emisie a budú obchodované v súlade s príslušnými pravidlami Regulovalého trhu BCPP. Po prijatí Certifikátov na obchodovanie na BCPP budú Certifikáty na BCPP obchodované a obchody s nimi vykonávané v EUR.</p>
Plán distribúcie Certifikátov	<p>Emitent zamýšľa ponúkať Certifikáty v rámci verejnej ponuky všetkým kategóriám investorov v Českej a po notifikácii NBS tiež v Slovenskej republike a vybraným kvalifikovaným investorom (a prípadne tiež ďalším investorom za podmienok, ktoré v danej krajine nezakladajú povinnosť ponúkajúceho vypracovať a zverejniť prospekt) v zahraničí. V rámci verejnej ponuky v Českej republike bude Emitent prijímať pokyny prostredníctvom ústredia v Prahe a v prípadne verejnej ponuky v Slovenskej republike prostredníctvom Slovenskej pobočky Emitenta. Certifikáty budú ponúknuté na upísanie za peňažnú sumu predstavujúcu emisný kurz, pričom emisný kurz všetkých Certifikátov vydávaných k Dátumu emisie je 100 % ich menovitej hodnoty. Emisný kurz akýchkoľvek Certifikátov prípadne vydávaných po Dátume emisie bude určený Emitentom na základe aktuálnych trhových podmienok. Aktuálna výška emisného kurzu bude zverejnená na internetovej stránke Emitenta www.jtbank.cz v časti Dôležité informácie, odkaz Emisie cenných papierov (https://www.jtbank.cz/informacni-povinnost/#emise_cennych_papiru).</p>
Odhad celkových nákladov spojených s Emisiou alebo ponukou	<p>Emitent očakáva, že celkové náklady prípravy emisie Certifikátov budú predstavovať približne 300 000 eur, teda približne 0,30 % celkovej predpokladanej menovitej hodnoty emisie Certifikátov. V prípade navýšenia emisie o 100 % Emitenta odhaduje, že celkové náklady na prípravu emisie Certifikátov budú predstavovať približne 300 000 eur, teda približne 0,15 % objemu emisie. Každý investor, ktorý nadobudne Certifikáty od Emitenta v Českej republike, zaplatí poplatky podľa aktuálneho štandardného cenníka Emitenta. K Dátumu prospektu je cenník Emitenta uverejnený na internetových stránkach Emitenta https://www.jtbank.cz, v časti <i>Dôležité informácie</i>, odkaz <i>Sadzovník poplatkov</i>, verzia <i>Cenník investičných služieb účinný od 25. apríla 2022</i>, pričom v súvislosti s nadobudnutím Certifikátov môžu byť investorovi do Certifikátov k Dátumu prospektu účtované poplatky vo výške 0,25 % z objemu obchodu nadobúdaných Certifikátov, minimálne 400 Kč (ak je pokyn podaný písomne) alebo vo výške 0,20 % z objemu obchodu nadobúdaných Certifikátov, minimálne 100 Kč (ak je pokyn zadaný elektronicky). Každý investor, ktorý nadobudne Certifikáty prostredníctvom pobočky Emitenta v Slovenskej republike, zaplatí poplatky podľa aktuálneho štandardného cenníka Slovenskej pobočky Emitenta. K Dátumu prospektu je cenník uverejnený na</p>

	<p>internetových stránkach Slovenskej pobočky Emitenta www.jtbanka.sk v sekcii <i>Užitočné informácie, pododkaz Úrokové sadzby a poplatky, Sadzobník poplatkov</i>, pod odkazom <i>Sadzobník poplatkov časť I – fyzické osoby nepodnikatelia, účinný od 7. 7. 2021 a Sadzobník poplatkov časť II – právnické osoby a fyzické osoby podnikatelia, účinný od 7. 7. 202</i>, pričom v súvislosti s nadobudnutím Certifikátov môžu byť investorovi do Certifikátov k Dátumu prospektu účtované poplatky vo výške 0,60 % objemu transakcie. Poplatok za transakciu na iný účet ako účet majiteľa je stanovený na 1,00 %, najmenej však na sumu 400 eur. Investor môže byť povinný platiť ďalšie poplatky účtované sprostredkovateľom kúpy alebo predaja Certifikátov, osobou vedúcou evidenciu Certifikátov, osobou vykonávajúcou vyrovnanie obchodu s Certifikátmi alebo inou osobou, t. j. napr. poplatky za zriadenie a vedenie investičného účtu, za obstaranie prevodu Certifikátov, služby spojené s úschovou Certifikátov, resp. ich evidenciou a pod.</p>
--	--

4.2 Kto je osobou ponúkajúcou cenné papiere alebo osobou, ktorá žiada o prijatie na obchodovanie?

Osoba ponúkajúca Certifikáty	Certifikáty bude v Českej republike ponúkať Emitent a v Slovenskej republike Slovenská pobočka Emitenta.
Žiadateľ o prijatie na obchodovanie	Emitent požiada o prijatie Certifikátov na obchodovanie na Regulovanom trhu BCPP.

4.3 Prečo je tento Prospekt zostavovaný?

Použitie výnosov a odhad čistej sumy výnosov	Emitent vydáva Certifikáty s cieľom zvýšiť svoj regulatórny kapitál, zvýšiť diverzifikáciu zdrojov kapitálu v súlade s dodržiavaním limitov kapitálovej primeranosti, získať finančné prostriedky na prípadné splatenie nástrojov, ktoré Emitent predtým vydal a zaradil do vedľajšieho kapitálu tier 1 (za predpokladu splnenia zákonných podmienok vrátane predchádzajúceho súhlasu ČNB), a financovať svoje podnikateľské aktivity. Emitent odhaduje, že čistá suma výnosov z emisie bude predstavovať približne 99 700 000 eur a že celkové náklady na emisiu budú predstavovať približne 0,30 % z predpokladaného objemu emisie. V prípade navýšenia emisie až do výšky 200 000 000 eur Emitent odhaduje, že čistá suma výnosov z emisie bude predstavovať približne 199 700 000 eur a že celkové náklady emisie budú predstavovať približne 0,15 % z objemu emisie.
Spôsob umiestnenia Certifikátov	Certifikáty ponúkne na predaj Emitent. Žiadne iné osoby v súvislosti s Emisiou neprevzali voči Emitentovi záväzok Certifikáty upísať či kúpiť.
Konflikt záujmov osôb zúčastnených na Emisii alebo ponuke	Podľa vedomia Emitenta nemá žiadna z fyzických ani právnických osôb zúčastnených na emisii či ponuke Certifikátov na takej emisii či ponuke záujem, ktorý by bol pre takúto emisiu či ponuku Certifikátov podstatný. Emitent bude ponúkať Certifikáty a v súvislosti s Certifikátmi bude pôsobiť ako agent pre výpočty, administrátor a kótačný agent. Spoločnosť J&T IB and Capital Markets, a.s., ktorá je dcérskou spoločnosťou Emitenta, pôsobí ako aranžér emisie Certifikátov.

RISK FACTORS

An investment in the Certificates involves certain risks which may result in a loss of value of all or part of the investment. For the purpose of assessing the risk associated with an investment in the Certificates, the Issuer sets out below the material risk factors relating to the Issuer's ability to perform for the benefit of the Certificate Owners and the risk factors material to the assessment of the market risk associated with the Certificates that are known to the Issuer as at the Prospectus Date. Other risk factors may be set out in any supplement to the Prospectus. The Issuer notes that an investment in the Certificates may be affected by other risk factors which are not known to the Issuer as at the Prospectus Date or which the Issuer does not consider material as at the Prospectus Date.

An investment in the Certificates should be based on an assessment of the risk factors set out below, together with the other information set out in the Prospectus and its supplements. Each investor considering an investment in the Certificates should become familiar with the Prospectus and any supplements thereto as a whole. The information provided by the Issuer in this chapter for consideration by potential investors, as well as any other information contained in the Prospectus and any supplements thereto, should be carefully evaluated by each potential investor in light of his or her financial situation and investment objectives before making a decision to invest in the Certificates.

The following description of risk factors is not a substitute for any professional analysis and in no way constitutes an investment recommendation of any kind. Any decision to invest in the Certificates should be based on the potential investor's own analysis of the benefits and risks of investing in the Certificates.

Within each category, the Issuer has ranked the individual factors according to their significance, both in terms of the possibility of materialisation of the risk and the expected extent of their negative impact, in order from most to least significant.

Risk factors relating to the Issuer

From the Issuer's perspective, there are especially the following risk factors that may adversely affect the Issuer's financial and economic condition, the Issuer's business and the Issuer's ability to perform for the benefit of the Certificate Owners.

Risk factors relating to the Issuer are divided into:

- a) risk factors relating to the environment in which the Issuer operates;
- b) risk factors relating to the Issuer's financial position;
- c) risk factors relating to the Issuer's internal affairs.

Within each category, the Issuer has ranked the individual factors according to their significance, both in terms of the possibility of materialisation of the risk and the expected extent of their negative impact, in order from most to least significant.

Risk factors relating to the environment in which the Issuer operates

Risk of growing macroeconomic imbalances (risk: high)

The Issuer is exposed to the risk of growing macroeconomic imbalances and disruptions resulting from a series

of recent extraordinary events that have fundamentally affected international and local financial markets, commodity markets, customer-supplier relationships and the geopolitical situation.

These are primarily the consequences of policy measures taken in the context of SARS-CoV-2 disease (either to contain the spread of the disease, or to repair the economic damage caused by these measures), which have caused significant disruption and volatility in financial markets. The impact of the pandemic has been reflected in a decline of gross domestic product, employment, deterioration in the solvency of borrowers and the resulting increased expected credit losses. According to the CNB's most recent estimate, the Czech Republic's gross domestic product fell by 5.6% in 2020, Slovakia's GDP fell by 5.2%, Russia's GDP fell by 3.1%, and according to Eurostat statistics, the decline in the eurozone economy (-6.6%) was even steeper. Thanks to strong fiscal and monetary stimulus, the rise in the unemployment rate has been slowed. In the Czech Republic, it was 3% as of 31 December 2020, and 8.1% in the euro area as of the same date. At the end of 2019, these figures were 2% and 7.5% respectively. These consequences are still deeply affecting the macroeconomic environment in Europe, and (given, for example, the closure of major Chinese ports as a result of anti-covid measures or the uncertainty about the evolution of the pandemic in the autumn) these negative effects are likely to persist in the future.

These negative trends also affect the Issuer's clients. Repayments deferrals of CZK 1.1 billion on account of moratoriums (about two-thirds of which were deferrals under the statutory moratorium) did not have a significant negative impact on liquidity, as they were sufficiently offset by a significantly higher increase in resources from client deposits and there have been no significant defaults on entire loans so far. The total exposure of these clients amounts to approximately CZK 11.5 billion. In addition to repayments deferrals, clients have requested waivers of certain loan conditions, primarily financial covenants tracking their current performance or debt levels. The most affected by the impact of the pandemic are clients from the sectors – automotive, real estate (specifically shopping centres), tourism and related services. The proportion of the Issuer's clients' loans in default remained low at 4.21% at the end of Q1 2021, decreasing by 0.6 percentage points year-on-year.

These imbalances and disturbances in the market environment are further exacerbated by the consequences of the war conflict between the Russian Federation and Ukraine (whether these are the consequences of the conflict itself or the consequences of European or US sanctions against the Russian Federation), which have led, first and foremost, to a further increase in the prices of commodities of which the Russian Federation or Ukraine are major exporters, leading to an increase in inflationary tendencies and further complications in international trade.

The Group's total exposure to the Russian and Ukrainian markets as a percentage of the Group's total assets as at 31 March 2022 (unaudited) is 3.61%. The exposure is structured as follows:

	CZK million
Cash and cash equivalents	1,497
Receivables from banks and other financial institutions	5
Loans and other receivables from clients	3,365
Financial assets	2,336
Property investments	108
Other assets	525
Deposits and bank loans	1,345
Client deposits	2,731
Other liabilities	235

In the consolidated financial statements as at 31 December 2021, the Group recognised revenues from Russian and Ukrainian customers totalling EUR 193 million. This represents 3.08% share of the Group's total revenue.

In light of the above events, the Group will not provide new financing with risk in Ukraine and Russia. On the other hand, the Group analysed in detail the exposures from the sectors potentially affected by the current situation and created provisions of RUB 430 million in the first quarter of 2022 (approximately CZK 98 million).² The Group is monitoring and taking active steps to progressively reduce its exposures in Russia with the aim of mitigating any negative impact on the Group's 2022 results.

Although the impact of the current macroeconomic imbalances on the Issuer has so far been limited, there is a high degree of uncertainty about future developments. The Issuer is not currently able to predict the specific impact of these changes on the Issuer or on the mood of society. If this development were to result in a weakening of the social appetite for investment, the Issuer anticipates that the international financial markets could also increase the margins on individual financial transactions entered into by the Issuer in the course of its business, which would have a negative impact on its profitability and its ability to offer certain products at advantageous prices. However, it cannot be ruled out that the period of macroeconomic imbalances will be prolonged, or even will further escalate, in which case the Issuer may incur additional costs necessary to compensate for financial market and operational shortfalls and the Issuer's anticipated turnover. These and other consequences may in the future, individually and collectively, jeopardise the Issuer's ability to meet its obligations under the Certificates.

Concentration risk (risk: high)

Concentration of positions may expose the Issuer to large losses, even though economic and market conditions may be generally favourable in a particular industry or sector. According to the sectoral breakdown, the Issuer has a significant credit exposure to clients in the real estate sector (25.3% of the loans granted as at 31 December 2021) and furthermore, for example (but in a smaller proportion) to clients in the wholesale and retail trade, finance, cultural, sports, entertainment and recreational activities, and electricity, gas and heat production and distribution sectors. According to the countries of project implementation and collateral, the Issuer concentrates loans provided to clients mainly in the Czech Republic (31.2% of loans granted as at 31 December 2021) and further in Cyprus (18.6% of loans granted as at 31 December 2021), in Luxembourg (16.1% of loans granted as at 31 December 2021), in Germany (7.2% of loans granted as at 31 December 2021), in Slovakia (6.3% of loans granted as at 31 December 2021), in Croatia (3.7% of loans granted as at 31 December 2021), in Austria (3.2% of loans granted as at 31 December 2021), in Switzerland (3.2% of loans granted as at 31 December 2021), in the United Kingdom (2.0% of loans granted as at 31 December 2021) and other countries. In connection with a downturn in an industry or sector, the Issuer's customers and business partners could suffer significant losses and their financial position would be weakened and their credit and counterparty risk would increase, which may adversely affect the Issuer's business, economic results and ability to repay its debts in a proper and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

Market risk: The issuer faces the risk of changes in price levels and volatility (risk: medium)

The Issuer may suffer significant economic losses in its trading and investment activities as a result of fluctuations in the financial and capital markets and increased volatility. Market risk mainly includes the risk of changes in market conditions (e.g. inflation, interest rates, exchange rates, commodity prices and prices of investment instruments) causing changes in the value or valuation of certain assets or instruments. The Issuer has significant trading and investment positions in various types of assets – debt, currency, equity, private equity and other types of assets, including hedging instruments (forward and swap derivatives). These positions may be adversely affected by volatility in the financial and capital markets. Depending on the volume of assets and net long positions in each of these markets, a decline in these markets may result in a loss stemming from a decline in the value of the Issuer's position. Depending on the volume of assets that the Issuer has sold without owning them ("**short selling**") or the volume of net short positions, an upswing in these markets may expose the Issuer to potentially large losses in an attempt to cover net short positions by acquiring assets in a growing market. Due to adverse market and economic conditions, the financial services industry, where the Issuer has a significant presence, is going through a challenging period.

² Converted at the exchange rate of 100 RUB/CZK of 22.877 announced by the CNB for the month of March 2022 (the CNB stopped announcing daily RUB/CZK exchange rates as of 2 March 2022).

The Group stress tests the investment portfolio by means of a standardised interest rate "shock", i.e. an instantaneous 200 bp drop/rise in interest rates is applied to the interest rate positions of the investment portfolio along the entire yield curve (for selected currencies, the parallel shift can also be more than 200 bp). The impact means the difference in the net present value of the investment portfolio for the shock scenario compared to the baseline scenario. The more negative of the two impacts (i.e. for a downward or upward shift in rates) is then expressed in percentage points of equity capital. The results of the metrics thus obtained for the 2020 and 2021 year-ends are summarised in the table below:

The decrease in the present value of the investment portfolio in percentage points of equity capital would be as follows:

(% Tier 1 + Tier 2)	2021	2020
Decrease in the present value of the investment portfolio due to a sudden change in interest rates by 200 bp	1.32	4.66

Interest rate and currency exchange rates, geopolitical risk and commodity price fluctuations have had and will continue to have an adverse effect on financial markets and the economy as a whole. In addition to the adverse effects on the Issuer's business described above, market risk may increase other risks faced by the Issuer. For example, if the Issuer suffers significant trading losses, the need for liquidity may increase sharply while access to liquidity may be severely restricted. In connection with a general downturn of the market, the Issuer's customers and business partners could suffer significant losses and their financial position would be weakened and their credit and counterparty risk would increase, which may adversely affect the Issuer's business, economic results and ability to repay its debts in a proper and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

Currency risk (risk: medium)

A substantial portion of the Issuer's assets and liabilities in the field of investment banking and asset management are denominated in currencies other than the Czech crown, which is the primary currency of financial reporting at the consolidated level. The Issuer does not fully hedge its capital position against changes in exchange rates. Although it hedges against adverse exchange rate movements, it is not possible to eliminate currency exposure completely. The development of exchange rates is linked to a number of economic, social and political factors. Exchange rates can fluctuate significantly, even within a day, therefore the currency position is managed on a daily basis so that any fluctuation in the exchange rate does not have a material impact on the Issuer's economic results.

It is important to note that some countries have exchange controls that may restrict the exchange or transfer of money, or lead to currency devaluation. The use of hedging instruments may increase or decrease exposure to a given currency, but may not eliminate it entirely. Exchange rate volatility may adversely affect the Issuer's operating results and capital position. Monetary policy and its changes are difficult to predict and beyond the control of the Issuer. All of these factors may adversely affect the Issuer's financial and economic condition, its business, its market position and its ability to repay its debts in a proper and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

The Issuer's exposure is mainly to the euro, which accounted for 39.2% of assets and 40.1% of total debt as at 31 December 2021. As of 31 December 2020, the exposure to the euro was 41.4% for assets and 32.5% for total debt. The Issuer also has smaller exposures to the US dollar, Croatian kuna, Russian ruble, British pound, Polish zloty and other currencies.

The Issuer's business activities are concentrated in the European Union countries (risk: medium)

As at 31 December 2021, more than 112.3% of the Issuer's operating profit and more than 94% of the Issuer's assets are allocated to countries of the European Union, with 65% of the Issuer's total assets allocated to the Czech and Slovak Republics. Negative developments in the economic situation in the Czech and Slovak Republics, as

well as in the European Union as a whole or in individual countries may have a negative impact on the Issuer's business, its economic results and its ability to repay its debts in due and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

Business risk in the banking sector (risk: medium)

Business in the banking sector is subject to supervision by the Czech National Bank as well as the National Bank of Slovakia. The Issuer is part of a regulated consolidation group (the "RCG"). The RCG complies with capital prudential rules and liquidity requirements on a consolidated basis. Regulatory rules also restrict the activities of the companies in the RCG and impose requirements on capital levels, liquidity levels, consolidated group exposures, customer protection and limit the business activities in which the RCG may engage. Despite the RCG's best efforts to comply with all applicable regulations, a number of risks remain and authorities in many of the jurisdictions in which the RCG operates may initiate administrative or legal proceedings against companies in the RCG that could, among other things, result in the imposition of administrative sanctions or even the suspension or revocation of licences, which could have a material adverse effect on the performance of companies in the RCG and seriously damage their reputation. Changes in laws, regulations or their interpretation and implementation may adversely affect the RCG and its economic results. Regulatory bodies may also impose additional capital requirements on the RCG and the individual companies comprising the RCG.

In the banking sector as a whole, the regulatory framework is currently being tightened at both EU and national levels, in order to enhance the stability of the banking system. As a consequence, the prudential regulatory regime is being tightened, capital quality requirements are increasing, the emphasis is put in particular on equity capital, the volume of rapidly liquid assets and funding structure, better risk coverage, deleveraging, tightening of remuneration principles and limiting excessive leverage. There is a change in the way of supervision, with the main rules being set at EU level, thus unifying the rules for the EU banking sector, with the associated expansion of reporting obligations (volume and detail), etc. These measures may ultimately have a negative impact on the financial and economic situation of the Issuer, which may then be unable to properly perform its contractual obligations, which would have a materially negative economic impact on the Issuer and thus on its ability to perform for the benefit of the Certificate Owners.

The Issuer is subject to the Act on Recovery and Resolution (risk: medium)

Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market, as amended (the "**Recovery and Resolution Act**"), authorises the CNB to intervene in the activities of Czech banks and selected investment firms (including the Issuer) that are likely to fail or are already failing, and to take resolution actions, crisis prevention measures or other measures provided for in the Recovery and Resolution Act. A decision to take any resolution action under the Recovery and Resolution Act is beyond the control of the Issuer and, if made, it could have a material adverse effect on the Issuer's business, results of operations, financial condition, prospects and/or ability to meet its obligations. Furthermore, the Recovery and Resolution Act requires Czech banks to pay an annual contribution to the Crisis Resolution Fund, the Issuer paid the last contribution for 2022 in the amount of approximately CZK 122.26 million. In the event that the target amount of the Crisis Resolution Fund is increased by an amendment to the Recovery and Resolution Act or the Issuer is required to pay an extraordinary contribution (in the event of a decision by the CNB that the assets in the Crisis Resolution Fund are insufficient to fulfil its purpose), such an event could have an adverse impact on its operations and thus on its ability to perform for the benefit of the Certificate Owners.

Risk of potential data leakage and penalties due to mishandling of clients' personal data (risk: medium)

The Issuer is subject to regulation in connection with the use of the clients' personal data and since it works with the clients' personal data (e.g. name, address, date of birth, banking details, debit or credit card data, including financial history), the relevant business activities must comply with the data protection rules based on the Union rules. The Issuer and the Issuer's Group companies are also dependent on contractual relationships with third parties and their employees who manage databases of personal data. Although the Group is aware of the risks

arising from the possibility of loss of such data and applies mitigation measures, for example in the form of controlled access to clients' personal data in order to minimise the possibility of data leakage, a failure to protect clients' personal data cannot be ruled out. Should personal data leak due to a human error of one of the employees or persons handling the selected personal data of clients, or for other reasons, the Issuer and individual Group companies would be at risk, pursuant to Article 83 of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR), of a penalty of up to 4% of the total turnover of the Group companies and those other companies that would have unified control at the time of the infringement and would be considered an undertaking pursuant to Article 101 of the Treaty on the Functioning of the European Union. This also entails the risk of payment of civil claims by individual clients that would be affected by the data leak. In the event of a mistake on the part of the Issuer or any of the Group companies and subsequently the imposition of a penalty or an obligation to pay the civil claims, the Issuer is convinced that this would have a significant negative impact on the Group's reputation and, at the same time, this financial penalty might have a material impact on the Issuer's financial situation, operating profit and economic result, and thus on the Issuer's ability to perform for the benefit of the Certificate Owners.

Risk factors relating to the Issuer's financial position

Credit risk (risk: high)

The inability or unwillingness of contractual partners to meet their debts to the Issuer may adversely affect its business and it may suffer significant losses due to credit risk. Credit risk exists in the context of debtor-creditor relationships, granted loan commitments, bank guarantees or aval bills of exchange and documentary letters of credit, as well as in debt securities, margin trading, derivative transactions and currency and other transactions. Despite the fact that the approach to evaluating the creditworthiness of potential and existing clients of the Issuer has shown increased conservatism, particularly since the beginning of the global financial crisis, there is no certainty that it will be correctly predicted in all cases. Within the breakdown of credit financing by economic sector, the Issuer reported 64% of its total exposure to non-financial institutions, 33% to financial institutions and 2.8% to households as at 31 December 2021. In terms of economic sectors, credit risk is therefore concentrated mainly among non-financial and financial institutions.

A default of a major financial institution may adversely affect both the financial markets as a whole and the Issuer. The Issuer's credit exposure may also increase in the case that pledges established in its favour are monetised at prices insufficient to cover the total exposures.

The information used by the Issuer to manage credit risk may be inaccurate and incomplete. Although the Issuer regularly evaluates credit exposures (to clients, counterparties, sectors, countries, regions) that it considers important from a credit risk perspective, it can happen that default risk may arise as a result of events or circumstances that are difficult to predict and detect (e.g. fraud). The Issuer may also fail to obtain the information necessary to evaluate the credit and commercial risk of the counterparty. Inability or unwillingness of contractual partners to meet their debts to the Issuer may have a negative impact on the Issuer's business, its economic results and its ability to repay its debts in due and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

Interest rate risk (risk: medium)

The Issuer is exposed to interest rate risk. Interest rate risk consists in fluctuations in net interest income and the value of financial instruments due to movements in market interest rates. The Issuer makes significant efforts (including derivative contracts and interest rate revisions) to ensure that the structure of assets matches their funding sources. The Issuer is exposed to interest rate risk to the extent that this structure differs. The period, over which the interest rate of a financial asset is fixed, indicates the extent to which an instrument is sensitive to interest rate risk.

Insufficient coverage of the Issuer's interest rate risk may ultimately adversely affect the Issuer's financial and economic condition, its business, market position and ability to repay its debts in a proper and timely manner and, therefore, the Issuer's ability to raise funds to enable it to repay the yields and debts of the Certificates. For the full year 2021, the Issuer realised net interest income of CZK 4.47 billion, which represents an increase of 21.5% compared to the net interest income achieved in 2020 (CZK 3.67 billion).

Liquidity risk (risk: low)

Liquidity risk includes, in particular, the risk of the Issuer's inability to fund assets through instruments of appropriate maturity and interest rate, the risk of inability to obtain liquid assets quickly enough or in sufficient quantity, and the risk of inability to meet its due obligations.

The Issuer has access to various sources of funding and relies on deposits received as the basis for funding its activities. The Issuer is funded by deposits, interbank loans, subordinated yield certificates (perpetual instruments) and subordinated debt. Although deposits have been a stable source of funding over time, this situation may not continue. This would have a negative impact on the Issuer's liquidity position, its ability to redeem entrusted deposits (demand, term), meet its debts or finance its activities. The Issuer therefore places great emphasis on maintaining a diversified funding base so as not to be dependent on concentrated sources of funding.

In managing liquidity risk, the Issuer must comply with the limits set by regulatory requirements. The average value of the key regulatory liquidity coverage ratio (LCR) for the fourth quarter of 2021 was 219%, while according to regulatory limits the value of this ratio must reach at least 100%. These limits are intended to ensure that due obligations are sufficiently covered by a stock of rapidly liquid assets. For the purposes of internal liquidity risk management, the Issuer prepares a set of scenarios of negative development of the liquidity position and has set internal limits for their fulfilment. The above scenarios as well as other internal liquidity ratios are evaluated and monitored on a daily basis. More specifically, in this case, it is, for example, an indicator of the ratio of rapidly liquid assets held after a negative liquidity scenario to unstable liabilities. In addition to daily monitoring of the current values of this indicator, the Issuer internally monitors the outlook for the most important internal liquidity indicators over a one-year horizon. In addition, the Issuer focuses on individual monitoring of large deposits. This individual approach is also reflected in the selected liquidity scenarios. The Issuer also monitors other quantitative indicators aimed at an appropriate structure of deposits, so that the Issuer has sufficiently stable and diversified sources of funding. The Issuer regularly updates its plans for adverse liquidity risk management situations as well as its contingency plan in case of a liquidity crisis. By meeting internal limits, the Issuer holds sufficient rapidly liquid assets to cover a significant deterioration in its position, and its funding is sufficiently stable and diversified.

If access to the capital markets is restricted and if the Issuer is unable to sell its assets or if liquidity costs increase, the liquidity position may deteriorate significantly. The Issuer's ability to obtain secured and unsecured funding and the costs associated therewith are adversely affected by, among other things, increase in interest rates, credit spreads, regulatory requirements, and perceptions of risk of the Issuer and/or of the banking and financial sector as a whole. In the event of challenging conditions in the capital markets, the Issuer's cost of funding may increase or the availability of funds, and therefore also the ability to expand and support the Issuer's activities, may decrease, with potential negative effects on the Issuer's business. Assuming the Issuer is unable to raise the necessary funds on the capital markets, it may be forced to sell assets to meet its debts. In times of reduced liquidity

or deteriorated market conditions, the Issuer may not be able to sell some of its assets or assets may be sold at reduced prices. In either case, this may have an adverse effect on the Issuer's financial and economic condition, its business and its market position. The Issuer actively prevents this and prudently manages liquidity risk, monitors liquidity developments and meets the requirements of the banking sector regulators with sufficient buffer.

Risk factors relating to the Issuer's internal affairs

Risk of losing key employees and the ability to find and retain qualified employees (risk: medium)

The quality of management and key employees, particularly within the Issuer, is critical to the setting and meeting of the Group's strategic objectives. The key persons of the Issuer, i.e. Patrik Tkáč, Igor Kováč, Štěpán Ašer, Tomáš Klimíček, Jan Kotek and Anna Macaláková, as members of the Board of Directors and senior management, are involved in the creation and implementation of key strategic decisions and in the day-to-day operations of the Issuer. In addition, there is a strong demand for skilled management persons in the banking sector. Leaving of these key persons could adversely affect the Issuer's business, its economic results and the Issuer's ability to perform for the benefit of the Certificate Owners.

Operational risk (dependence on information technology) (risk: medium)

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Issuer faces a number of operational risks, including the risk arising from its dependence on information technology and telecommunications infrastructure. The Issuer is dependent on financial, accounting and other data processing systems that are complex and sophisticated and whose operation may be adversely affected by a number of issues, such as hardware or software malfunction, physical destruction of critical IT systems, attacks by computer hackers, computer viruses, terrorist attacks, and others. This may result in significant financial losses to the Issuer, disruption to its operations, failure to meet debts owed to clients, regulatory intervention and reputational damage. The Issuer is exposed to operational risk that may arise from errors in the execution, confirmation or settlement of transactions. A similar risk may arise from transactions that have not been properly recorded or accounted for; regulatory requirements in this area have increased and are expected to continue to increase. The Issuer's business depends on its ability to process a large number of diverse and complex transactions, including derivative transactions, which are increasing in volume. The Issuer's business is also dependent on the secure handling, storage and transmission of confidential and sensitive information. The Issuer may suffer losses as a result of an employee's misconduct. The Issuer's business is subject to the risk of non-compliance with established policies and rules by employees, employee misconduct, negligence or fraud. Such actions could lead to legal sanctions, serious damage to the Issuer's reputation, or financial damage. Employee misconduct is not always preventable and the measures taken by the Issuer to prevent and detect such activity may not always be effective.

Information systems and the information contained therein play a crucial role in the Issuer's business. The Issuer makes adequate efforts to protect its systems, networks and information in general from potential attacks, both in the physical world and in cyberspace, in order to prevent both known and unknown problems. At the Issuer, a dedicated security unit directly reporting to the Board of Directors of the Issuer is responsible for the definition, operation and development of an effective and efficient defensive security management system of the Issuer, including the business continuity management system. The Issuer is aware of the importance of protecting the Issuer's information systems and data. Therefore, the effectiveness of the Issuer's safeguards is continuously improved both in light of best practice and in response to new social, technological and regulatory changes or requirements. At the same time, the Issuer has a very well developed and regularly updated business continuity management system.

However, we cannot exclude or guarantee that unplanned failures, system and network downtime and data unavailability will not occur in the future. Services provided by the Issuer include the transmission and storage of customer information. The Issuer's ICT systems and network infrastructure, service providers, credit card service

providers and online partners may be exposed to physical damage or cyber-attacks. The Issuer's customers may also be exposed to cyber-attacks and therefore loss of personal data leading to fraudulent transactions. An external security breach, such as a hacker attack or virus leading to a breach of the Issuer's ICT systems, or an internal information security problem, such as a failure to prevent access to sensitive information, can seriously disrupt the Issuer's business and thus cause the leakage or alteration of sensitive information. Cybersecurity attacks, external information technology security breaches and internal data protection failures could have a material adverse effect on the Issuer and therefore on its ability to perform for the benefit of the Certificate Owners.

Litigation risk (risk: low to medium)

As of the Prospectus Date, the Issuer is not aware of any administrative, court or arbitration proceedings (including all such proceedings known to the Issuer which are in progress or imminent), of which the Issuer has been a participant during a period covering the previous 12 months and which might have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

As of the Prospectus Date, the Issuer is one of the defendants in the New York Court, with Kingstown Capital, Investhold Ltd. and Verali Limited, among others, as plaintiffs. The plaintiffs seek compensation for damages in excess of USD 1 billion (which may be increased up to three times under US law) for allegedly illegal way of gaining control of ORCO company by CPI company. The plaintiffs allege that the Issuer should have assisted CPI in its unlawful conduct. The Issuer is not aware of any unlawful conduct. The court is currently assessing whether the New York or US courts have jurisdiction to rule on the case or not. 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 to the United States Court of Appeal.

An adverse result of the stated proceedings may, besides direct financial consequences, seriously damage the Issuer's reputation, which may have a negative impact on the Issuer's business, its economic results and its ability to repay its debts in due and timely manner, including the Issuer's ability to raise funds to enable it to perform for the benefit of the Certificate Owners.

Risk factors relating to the Certificates

From the Issuer's perspective, all risk factors relating to the Certificates relate to the nature of the Certificates as such. Therefore, the Issuer has not classified the individual risk factors into individual categories. The Issuer has ranked the individual factors according to their significance, both in terms of the possibility of materialisation of the risk and the expected extent of their negative impact. The order of the risk factors described below indicates their importance for the Issuer, as they are ranked in terms of the level of risk from the most significant to the least significant, taking into account the negative impact on the investor and the probability of their occurrence.

Risk of missing the maturity date and the Issuer's obligation to repay the Certificates (risk: high)

Unlike bonds, the Certificates do not have a fixed maturity date. The Certificate Owners do not have the right (except in the event of insolvency or liquidation of the Issuer) to demand the Certificates repayment for any reason whatsoever, nor are the Certificate Owners entitled to claim compensation for any damages or make any claims against the Issuer or other persons in this respect.

Risk of cancelling the yield payment and reducing the yield payment (risk: high)

There is a risk that the Issuer will not pay any yield on the Certificates or that only a portion of the yield will be paid, which may occur repeatedly. No such event shall constitute an event of breach of obligations by the Issuer.

The yield may be cancelled or reduced at the discretion of the Issuer. Failure to pay the yield in the relevant period shall not be compensated for in the payment of yields in subsequent periods. The payment of yields from the Certificates is subject to the satisfaction of conditions including, but not limited to, the sufficient amount of profits,

the availability of distributable items or the fact that such payment must not jeopardise the Issuer's capital position. Failure to comply with any of the conditions may result in cancellation of the payment of the yield, or in paying only part of the yield. Cancellation of the yield payment or reduction of the yield payment may adversely affect the market price of the Certificates and the return on investment.

Risk of reduction of part/whole of the nominal value of the Certificates by the Issuer's decision (risk: high)

If the ratio of common equity tier 1 capital to risk-weighted assets falls below 5.125% at the Prudential Consolidation Group level, the Issuer must decide to reduce the nominal value of the Certificates. A decline in the ratio of common equity tier 1 capital to risk-weighted assets may occur as a result of a number of factors, including, but not limited to, sudden changes affecting the amount of profit, dividend payments, changes in the Prudential Consolidation Group or regulatory changes (including changes to the definition and calculation of regulatory capital and its components), or other legislative changes. The reduction of the nominal value shall be made at the discretion of the Issuer by the amount necessary to return the ratio of common equity tier 1 capital to risk-weighted assets above 5.125% at both the Issuer and Prudential Consolidation Group levels.

In the extreme case, this may lead to the fact that the nominal value of each Certificate will be reduced to an amount as low as 1 cent (EUR 0.01). The reduction of the nominal value also results in a reduction of the amount of the Certificate Owners' claim in the event of the Issuer's liquidation, a reduction of the redemption price at the eventual maturity of the Certificates and a reduction of the Certificates yields (to the extent of the reduction of the nominal value of the Certificates). By reducing the nominal value, the Certificate Owners thus may lose part or substantially all of their investment.

Accordingly, the Certificate Owners should be able to understand the method of determining the amount of common equity tier 1 capital and should be aware that a decrease in the nominal value may occur both as a result of a decrease in common equity tier 1 capital and as a result of an increase in the riskiness of the Issuer's assets.

Risk of reduction of part/whole of the nominal value of the Certificates by the resolution authority's decision (risk: high)

If the conditions for the application of resolution actions under the Recovery and Resolution Act are met and if the reduction of the Issuer's common equity tier 1 capital items is not sufficient to fully absorb the loss, the CNB may, in accordance with the rules on recovery and resolution for credit institutions or investment firms, decide to, inter alia, reduce the nominal value of the Certificates if it considers that without such reduction the Issuer or the Group will no longer be viable or that it requires extraordinary public financial support. Such a reduction may occur irrespective of the current ratio of common equity tier 1 capital to risk-weighted assets at both the Issuer and the Prudential Consolidation Group level, i.e. it may occur even if this ratio is greater than 5.125%.

Risk of no obligation to increase the nominal value of the Certificates again (risk: high)

If the nominal value of the Certificates is reduced, the Issuer is not obliged to decide to increase it again. Therefore, the Certificate Owners cannot request a re-increase of the nominal value and, however possible, such a procedure is left entirely to the discretion of the Issuer.

Risk of lack of collateral and insurance (risk: high)

Receivables from the Certificates are not secured by any lien, guarantee, warranty or other collateral by the Issuer or any third party. The Certificates do not constitute deposits within the meaning of the Act on Banks and therefore receivables from them are not covered by the deposit insurance of the Deposit Insurance Fund managed by the Financial Market Guarantee System.

Risk of subordination of receivables and limited rights in insolvency proceedings (risk: high)

The Certificates are subordinated (in the highest level of subordination). In the event of (i) the Issuer entering into liquidation, (ii) the Issuer being adjudicated bankrupt or (iii) the resolution of an institution (the Issuer) under the Recovery and Resolution Act, the Certificates shall have the highest level of subordination and shall be subordinated to all other receivables against the Issuer, including receivables arising from any issue of subordinated investment instruments issued by the Issuer (whether before or after the issue of the Certificates), except for investment instruments that shall be included in the Issuer's additional tier 1 capital. The subordination is absolute and unconditional and there are no obligations, including contractual obligations, which would increase the order of satisfaction of receivables.

In the event of insolvency proceedings with respect to the Issuer, the Certificate Owners have a weaker position compared to other creditors, in particular their receivables from the Certificates shall be satisfied last. If the nominal value of the Certificates is reduced, the Certificate Owners may suffer an even greater resulting loss than the Issuer's shareholders.

In accordance with Act No. 182/2006 Coll., the Insolvency Act, as amended, the Certificate Owners are not entitled to vote at the meeting of creditors to the extent of the receivables from the Certificates as subordinated receivables. Moreover, in view of the conditions of establishment of the right to the Certificates Repayment, it is likely that the Certificate Owners will not have a receivable that could be asserted in insolvency proceedings.

Risk of early repayment of the Certificates (risk: medium)

The Issuer may, with the prior consent of the CNB (and subject to other conditions set out in the terms and conditions of the Certificates, in particular after 5 years from the Issue Date), decide to repay the Certificates.

As a result of the Certificates repayment, the Certificate Owner may receive a lower return on its investment because the Certificates will be repaid earlier than the Certificate Owner could have expected.

Risk of not including the Certificates in the additional tier 1 capital (risk: medium)

The Issuer will seek to have the Certificates included in the additional tier 1 capital at the level of both the Issuer and the Prudential Consolidation Group. Such inclusion is subject to discussion with the CNB and the Issuer can in no way guarantee the outcome of such discussion. In the event that the Certificates are not included in the additional tier 1 capital or in the event that the Certificates are included in the additional tier 1 capital and there is a subsequent change in the regulatory classification of the Certificates which may result in the Certificates not being included in the additional tier 1 capital, the Issuer may decide to repay the Certificates. The Certificates repayment shall result in the investor not realising the anticipated yield on the Certificate.

Inflation risk (risk: medium)

The Certificates do not contain an anti-inflation clause and the fair value of an investment in the Certificates may decline as inflation reduces the value of the currency. Inflation also causes a decline in the real yield on the Certificates. If the amount of inflation exceeds the fixed rate of return on the Certificates (i.e. 7.00%), the value of the real return on the Certificates shall be negative. According to the Czech Statistical Office, the average annual inflation rate for 2021 was 3.8%³. According to the CNB forecast published on 5 May 2022, the average annual inflation rate for 2022 should reach 13.1% and 4.1% for 2023⁴.

³ Cf. https://www.czso.cz/csu/czso/inflace_spotrebitelske_ceny.

⁴ Cf. <https://www.cnb.cz/cs/menova-politika/prognoza/>.

Risk of absence of breach in the terms and conditions of the Certificates (risk: medium)

The terms and conditions of the Certificates do not contain any event of breach (including a breach of any financial ratios) or cross-breach that would result in the Certificate Owners being able to demand the Certificates Repayment or to assert other rights. The terms and conditions of the Certificates also do not contain any restrictions regarding the amount and terms of any future debt funding of the Issuer, or the amount and terms of any future issuance of financial instruments by the Issuer. As the Issuer's debt funding grows and as the Issuer continues to issue the Certificates (other similar instruments), the risk that the Issuer may default on amounts due under the Certificates increases. According to the terms and conditions of the Certificates, the Issuer is neither restricted in providing collateral for its debts or debts of third parties.

Risk of legality of purchase of the Certificates (risk: low)

The purchase of the Certificates may be subject to legal restrictions affecting the validity of their acquisition. The Issuer does not have or assume any responsibility for the legality of the acquisition of the Certificates by a prospective purchaser of the Certificates, whether under the laws of the purchaser's country (jurisdiction) of incorporation, or residence, or the country (jurisdiction) in which it operates (if different). A prospective purchaser cannot rely on the Issuer in connection with its decision making as to the legality of its acquisition of the Certificates. Acquisition of the Certificates in violation of the relevant legal restrictions may have a number of legal consequences for the investor, in particular it may ultimately lead to the nullity of such acquisition, and to the obligation of the Issuer to return the issue price to the investor, or the obligation of the investor to deliver to the Issuer unjust enrichment in the form of paid yields.

Risk of reservation of unilateral change of terms and conditions of the Certificates (risk: low)

As the Issuer intends to include the Certificates in the additional tier 1 capital, the Issuer has reserved the right, in the event that subsequent changes in the relevant legislation result in the Certificates ceasing to be eligible for inclusion in the Amounts of Eligible Liabilities, to make, even without the consent of the Certificate Owners, any adjustments to the terms and conditions of the Certificates necessary for the obligations under the Certificates to become eligible for inclusion in the additional tier 1 capital again. Such changes may relate to, among other things, the status, maturity or yield of the Certificate. These changes to the terms and conditions of the Certificates may adversely affect the rights of the Certificate Owners as well as the value and development of an investment in the Certificates, but are not subject to the approval of a meeting of the Certificate Owners.

Risk of lack of rights of the Certificate Owners in the event of a decision of a meeting of the Certificate Owners (risk: low)

The competence of the meeting of the Certificate Owners includes exclusively the decision to change the terms and conditions of the Certificates, which require the consent of the Certificate Owners. The Certificate Owners do not have any rights associated with the decisions of the meeting, in particular they cannot seek to redeem the Certificates on the grounds that they did not vote in favour of the relevant decision of the meeting.

Risk of the inability of the Certificate Owners to vote at the Issuer's General Meeting (risk: low)

The Certificates are equity book-entry securities but do not carry any right to participate in the Issuer (including the right to vote at general meetings), even if the payment of yields is cancelled.

Liquidity risk on the Regulated Market of the PSE (risk: low)

The Issuer shall apply for admission of the Certificates to trading on the Regulated Market of the PSE. Notwithstanding the admission of the Certificates to trading on a regulated market, there can be no assurance that a sufficiently liquid secondary market for the Certificates will develop or, if developed, that such secondary market will be sustained. The fact that the Certificates may be admitted to trading on a regulated market does not necessarily result in greater liquidity of such Certificates compared to the Certificates not admitted to trading on

a regulated market. Conversely, in the case of the Certificates not admitted to trading on a regulated market, it may be difficult to value such Certificates, which may have a negative impact on their liquidity. In a potentially illiquid market, an investor may not be able to sell the Certificates at any time at an adequate market price. This may adversely affect the value of an investment in the Certificates.

Risk of additional fee costs (risk: low)

The overall return on investment in the Certificates will be affected by the level of fees for the establishment and maintenance of an investment account, for transfers of securities and other securities handling or for securities custody services charged by the investment firm or other intermediary for the purchase/sale of the Certificates, and/or charged by the relevant clearing system used by the investor. Accordingly, the Issuer recommends that prospective investors in the Certificates become familiar with the underlying documents on the basis of which fees will be charged in connection with the Certificates. The charged fees have an adverse affect on the value of an investment in the Certificates.

Risk of reduction of the order for subscription of the Certificates (risk: low)

The Issuer shall be entitled to reduce the volume of the Certificates specified in the orders/instructions of investors at its sole discretion and any potential overpayment shall be refunded to the investor's account without undue delay. In the event that the order is reduced, the potential investor will not be able to make an investment in the Certificates in the originally intended amount. The order reduction thus may adversely affect the value of an investment in the Certificates.

Risk of prohibition of offsetting (risk: low)

The terms and conditions of issue of the Certificates exclude the right of the Certificate Owners to set off the receivables of the Certificate Owners under the Certificates against the debts of the Certificate Owners to the Issuer, including the final settlement or other compensation. Investors are thus limited in ways to reduce their exposure to the Issuer, which may lead to a deterioration of their position, especially in the event of an impending insolvency or default by the Issuer.

**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT REPORTS AND
COMPETENT AUTHORITY APPROVAL**

Persons responsible for the information contained in the Prospectus

The person responsible for the accuracy and completeness of the information contained in this Prospectus is the Issuer – **J&T BANKA, a.s.**, Company ID No.: 471 15 378, with its registered office at Sokolovská 700/113a, Karlín, 186 00, Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague, under file number B 1731.

Declaration of the persons responsible for the information contained in the Prospectus

The Issuer declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and that no facts have been concealed in this Prospectus that may change the meaning of this Prospectus.

In Prague as at the Prospectus Date

On behalf of **J&T BANKA, a.s.**

UNREADABLE SIGNATURE

UNREADABLE SIGNATURE

Name: Ing. Jan Kotek
Title: member of the board of directors

Name: Ing. Tomáš Klimíček
Title: member of the board of directors

Declaration of experts and declaration of any interest

No declaration or report of any person acting as an expert is included in this Prospectus, except for the reports of the Issuer's auditor on the audit of the Issuer's consolidated financial statements incorporated in this Prospectus by reference.

The Auditor does not have any material interest in the Issuer; in this context, the Issuer has considered in particular the possible ownership of securities issued by the Issuer, possible previous participation in its statutory bodies, possible employment or similar relationship to the Issuer or their possible connection with other persons involved in the Issue.

Information from third parties

The Issuer confirms that where information from a third party has been used in this Prospectus, such information has been accurately reproduced and, to the best of the Issuer's knowledge and to the extent that it is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has used the following information in this Prospectus:

- (a) statistical data of the PSE available from http://ftp.pse.cz/Info.bas/Statistiky/Rocni_udaje/key_data.pdf;
- (b) statistical data in the ARAD public database, which is part of the Czech National Bank's information service in the fields of deposits and loans, available from:
[https://www.cnb.cz/cnb/STAT.ARADY_PKG.VYSTUP?p_period=12&p_sort=2&p_des=50&p_sestuid=57210&p_uka=1%2C2%2C3%2C4%2C5%2C6%2C7%2C8%2C9%2C10%2C11%2C12&p_strid=ABAA&p_od=201901&p_do=202203&p_lang=CS&p_format=0&p_decsep=%2C](https://www.cnb.cz/cnb/STAT.ARADY_PKG.VYSTUP?p_period=12&p_sort=2&p_des=50&p_sestuid=57210&p_uka=1%2C2%2C3%2C4%2C5%2C6%2C7%2C8%2C9%2C10%2C11%2C12&p_strid=ABAA&p_od=201901&p_do=202203&p_lang=CS&p_format=0&p_decsep=%2C;);
- (c) data of the Czech Statistical Office available from
https://www.czso.cz/csu/czso/inflace_spotrebitejske_ceny;
- (d) the Czech National Bank's forecasts available from <https://www.cnb.cz/cs/menova-politika/prognoza/>.

Declaration of approval of the Prospectus by the competent authority

The Prospectus has been approved by the Czech National Bank as the competent authority under the Prospectus Regulation.

The Czech National Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

This approval should not be considered as an endorsement of the quality of the Certificates which are the subject of this Prospectus, or as an endorsement of any features of the Issuer.

Investors should make their own assessment as to the suitability of investing in the Certificates.

STATUTORY AUDITORS

Names and addresses of the Issuer's auditors

The historical financial statements presented by the Issuer in this Prospectus, i.e. the financial statements extracted from the Issuer's consolidated financial statements as at 31 December 2019, 31 December 2020 and 31 December 2021, have been audited by KPMG Czech Republic Audit, s.r.o., Company ID No.: 496 19 187, with its registered office at Prague 8, Pobřežní 648/1a, Postal Code 18600, registered in the list of the Chamber of Auditors of the Czech Republic under registration number 71, through its statutory auditor Ing. Jindřich Vašina, registration number 2059 (the "Auditor").

Resignation, removal, reappointment

For the period covered by the historical financial information in this Prospectus, the Issuer's auditors have not resigned, been removed by the Issuer or been reappointed by the Issuer.

ESSENTIAL INFORMATION

Working capital statement

In the opinion of the Issuer, the amount of working capital available to the Issuer is sufficient for its current requirements and for the period of 12 months from the date of publication of this Prospectus.

Capitalisation and indebtedness

The Issuer's capital adequacy ratio on a consolidated basis as at 31 March 2022 was: 17.11%.

The amount of total liabilities as at 31 March 2022 was: CZK 190.25 billion.

The capitalisation and debt structure as at 31 March 2022 was as follows:

	mil CZK
Capitalisation and indebtedness	31.03.2022
Short-term debt	
Guaranteed	263
Secured	4 283
Unguaranteed/Unsecured	108 128
Long-term debt	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	59 602
Equity	
Paid-up share capital	10 638
Statutory reserves	-3
Other reserves	139
Other capital funds	3 897
Total	186 947
Net indebtedness	
Cash	346
Cash equivalents	86 170
Trading securities	3 830
Total liquidity (A)	90 346
Current financial receivables (B)	30 272
Short-term bank debt	6 135
Short-term portion of long-term debt	0
Other short-term financial debt	106 540
Total short-term financial debt (C)	112 675
Total short-term financial debt - netto: (C) - (B) - (A)	-7 943
Long-term bank debt	4 715
Securities issued	0
Other long-term debts	54 887
Long-term financial indebtedness (D)	59 602
Long-term financial indebtedness - netto: (D) + (C) - (B) - (A)	51 659
Indirect and contingent indebtedness	
Avals	0
Guarantee	1 337
Other contingent liabilities	10 841
Total	12 178
Subordinated liabilities	70

Source: Accounting of the Issuer

There has been no material change in the capitalisation and debt structure since 31 March 2022.

Interest of natural and legal persons involved in the issue of the Certificates

To the Issuer's knowledge, none of the natural or legal persons involved in the issue of the Certificates have any interest in the Issue or the offer of the Certificates. The Issuer shall offer the Certificates and shall act as calculation

agent, administrator and listing agent in relation to the Certificates. J&T IB and Capital Markets, a.s., a subsidiary of the Issuer, acts as arranger of the issue of the Certificates.

Reasons for the offer and use of proceeds

Reasons for the issue of the Certificates and use of proceeds

The Issuer issues the Certificates for the following purposes (not in order of importance or priority):

- a) increasing regulatory capital (additional tier 1 capital),
- b) increasing the diversification of capital funds in compliance with capital adequacy limits,
- c) obtaining funds for the eventual repayment of instruments previously issued by the Issuer and included in the additional tier 1 capital, whereby such instruments may be repaid no earlier than after the fifth (5th) anniversary of their issue and only upon prior approval of the CNB of their repayment pursuant to Article 78 of the CRR, provided that any of the following conditions are met:
 - (i) the Issuer shall replace such instruments with equity instruments at the level of the Issuer and at the level of the Prudential Consolidation Group of equal or higher quality under terms and conditions that are sustainable in terms of its economic capabilities; or
 - (ii) the Issuer has demonstrated, to the satisfaction of the CNB, that capital at the level of the Issuer and at the level of the Prudential Consolidation Group would, after repayment of such instruments, exceed the requirements set out in Article 92(1) of the CRR and the combined capital buffer requirement within the meaning of Article 128(6) of CRD IV to the extent that the CNB may deem necessary pursuant to Article 104(3) of CRD IV; and
- d) raising funds to finance its business activities.

Estimate of the net proceeds from the issue of the Certificates

The Issuer estimates that the net proceeds of the Issue shall amount to approximately EUR 99,700,000 and that the total cost of the Issue shall be approximately 0.30% of the total expected volume of the Issue. In the event of an increase of the Issue up to EUR 200,000,000, the Issuer estimates that the net proceeds of the Issue shall amount to approximately EUR 199,700,000 and that the total costs of the Issue shall amount to approximately 0.15% of the Issue volume.

Person offering the Certificates for sale

The Certificates shall be offered by the Issuer. As at the Prospectus Date, the Issuer has not authorised any person to offer the Certificates.

Dilution of the existing shares

The Issue of the Certificates shall not result in any dilution of the Issuer shareholders' capital participation.

Credit ratings assigned to the Certificates

The Issuer is not aware of the existence of any credit ratings assigned to the Certificates in the rating process either at its request, or in cooperation with it.

TERMS AND CONDITIONS OF THE OFFER TO THE PUBLIC, ADMISSION TO TRADING AND DEALING ARRANGEMENT

General information on the offer, authorised person and the method of subscription

Based on a mandate agreement, the Issuer has authorized **J&T IB and Capital Markets, a.s.**, Company ID No.: 247 66 259, with its registered office at Sokolovská 700/113a, Karlín, 186 00, Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague, under file number B 16661, to draft and prepare documents related to the Issue.

The Certificates shall be offered in the Czech Republic by the Issuer and in the Slovak Republic by a branch of the Issuer, i.e. J&T BANKA, a.s., foreign bank branch, Dvořákovo nábřežie 10, 811 02 Bratislava, Slovak Republic. The Issuer has not authorised any third party to offer the Certificates. In connection with the Issue, no persons have undertaken any obligation to the Issuer to subscribe for or purchase the Certificates.

The Issuer intends to issue the Certificates in the expected total nominal value of the Issue up to EUR 100,000,000, which may be further increased up to EUR 200,000,000. Thus, the subject of the public offer shall be all the Certificates issued under the Issue.

The Certificates may be issued in one lump sum as at the Issue Date or continuously at any time after the Issue Date. The Certificates shall not be issued in different tranches and the Issuer shall not give preferential treatment to certain types of investors or certain groups of persons. The Certificates subscription procedure shall be identical in relation to all investors. The Issuer shall issue the Certificates on a continuous basis during the subscription period or any additional subscription period. Each Certificate is issued with a nominal value of EUR 1,000. The maximum number of the Certificates that may be issued is 100,000 pieces if the total nominal value of the Issue does not exceed EUR 100,000,000, or 200,000 pieces if the total nominal value is increased to EUR 200,000,000.

This Prospectus has been prepared and published for the purpose of the public offer of the Certificates and for the purpose of the admission of the Certificates to trading on the Regulated Market of the PSE.

Placement and offer of the Certificates

The Certificates shall be offered by the Issuer to all categories of investors in the Czech Republic and (where applicable) the Slovak Republic, and to selected qualified investors (and, where applicable, to other investors under terms and conditions that do not require the offeror to prepare and publish a prospectus in the relevant country) abroad, always in accordance with the relevant laws and regulations applicable in each country in which the Certificates shall be offered. Considering the number of persons that shall be addressed in this way, the offer shall fulfil the characteristics of a public offering of a security within the meaning of the Prospectus Regulation. The Issuer can be contacted (i) in the case of the public offer in the Czech Republic by telephone at +420 221 710 300 or by e-mail at DealingCZ@jtbank.cz, (ii) in the case of the public offer in the Slovak Republic by telephone at +421 259 418 111 or by e-mail at info@jtbanka.sk.

The Issuer is not aware that the principal shareholders or members of the administrative, management and supervisory bodies of the Issuer intend to subscribe within the offer, or that any person intends to subscribe within the offer, for more than 5% of the offer, except for J&T GROUP FINANCE SE, the sole shareholder of the Issuer, which may subscribe for more than 5% of the offer.

The public offer of the Certificates shall be made from 16 June 2022 to 10 June 2023. The public offer shall be closed if the time period for offering the Certificates expires, or if the entire volume of the Issue (to the extent that it is increased, if applicable) is subscribed, but not earlier than one business day after the commencement of the public offer.

The Issuer has not specified the portion of the total expected nominal value of the Certificates to be offered to the public exclusively in the Czech Republic or exclusively in the Slovak Republic.

As part of the public offer, investors shall be approached by the Issuer, in particular by means of remote communication, and invited to submit an order to purchase the Certificates (the "**Order**"), whereby the condition for participation in the public offer is proof of the investor's identity with a valid identity document. Multiple Orders (subscriptions) are accepted.

In connection with the submission of the Order, investors are obliged to enter into or have entered into an agreement with the Issuer, inter alia, for the purpose of opening an asset account in the register of investment instruments maintained by the Central Securities Depository, or maintaining a similar securities register with the Issuer (unless they already have such an asset account with another participant of the Central Depository), and submitting an instruction to procure the purchase of the Certificates pursuant to such agreement, or may be invited by the Issuer to submit other necessary documents and identification data. The purchase of the Certificates from the Issuer is always subject to the conclusion of an investment services agreement between the investor and the Issuer and the submission of an instruction to purchase the Certificates in accordance with this agreement.

Within the public offer, the Issuer shall accept instructions through its head office in Prague and, in the case of the public offer in the Slovak Republic, through its branch, i.e. J&T BANKA, a.s., foreign bank branch, Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic.

The Certificates shall be offered for subscription for a cash amount equal to the issue price, whereby the issue price of the Certificates issued as at the Issue Date is 100% of their nominal value. The issue price of any Certificates issued after the Issue Date shall always be determined on the basis of current market conditions. If relevant, the corresponding accrued interest shall be added to the amount of the Issue Price of any Certificates issued after the Issue Date. The current Issue Price shall be published on the Issuer's website www.jtbank.cz/informacni-povinnost/#emise_cenny_ch_papiru.

The minimum amount, for which an investor shall be entitled to subscribe and purchase the Certificates, is not set, but is limited to the issue price of one Certificate.

The maximum amount of the nominal value of the Certificates requested by an individual investor in the Order is limited to the amount of the Issue. If the volume of Orders exceeds this amount, the Issuer shall be entitled to reduce the received Orders of investors at its discretion (provided that any potential overpayment shall be promptly refunded to the account of the relevant investor notified to the Issuer for this purpose). The final nominal value of the Certificates allocated to an individual investor shall be indicated in the settlement confirmation of the trade, which the Issuer shall deliver to the investor (by e-mail) without undue delay after the execution of the order. Prior to receipt of this confirmation, the investor cannot trade in the Certificates being subscribed.

Each investor that acquires the Certificates from the Issuer shall pay fees according to the Issuer's current standard price list; as of the Prospectus Date, the price list is published on the Issuer's website www.jtbank.cz, in section "*Important Information*", sub-section Fee Schedule, version of the Price List of Investment Services effective from 25 April 2022, whereby as of the Prospectus Date an investor in the Certificates may be charged by the Issuer, in direct connection with the acquisition of the Certificates, fees of up to 0.25% of the trading volume of the Certificates being acquired, minimum CZK 400 (if the order is placed in writing), or 0.20% of the trading volume of the Certificates being acquired, minimum CZK 100 (if the order is placed electronically).

Each investor that acquires the Certificates from the Issuer's branch in the Slovak Republic shall pay fees according to the current standard price list of the Issuer's branch. As at the Prospectus Date, the price list is published on the website of the Issuer's branch www.jtbanka.sk in section *Useful information, sub-section Interest rates and fees, Fee schedule*, under link *Fee schedule part I - natural persons not entrepreneurs, effective from 7 July 2021 and Fee schedule part II - legal entities and natural persons entrepreneurs, effective from 7 July 2021*, whereby in connection with the acquisition of the Certificates an investor in the Certificates may be charged a fee of 0.60% of the transaction volume as at the Prospectus Date. The fee for a transaction to an account other than the holder's account is set at 1.00%, but not less than EUR 400.

The Investor may also be obliged to pay additional fees charged by the intermediary of purchase or sale of the Certificates, the person keeping the register of the Certificates, the person settling the trade with the Certificates or any other person, i.e. for example fees for the establishment and maintenance of an investment account, for arranging the transfer of the Certificates, services related to the custody of the Certificates or their registration, etc.

The Issuer shall satisfy the orders placed by the end investors and transfer the Certificates to the asset accounts of the individual investors held in the relevant investment instruments register. Trading cannot begin before the announcement of the amount allocated to the investors. At the same time, the Issuer collects from the cash accounts of the end investors the value corresponding to the purchase price for the Certificates.

Settlement of the subscription of the Certificates shall be carried out by the DVP (*delivery versus payment*) method through the Central Depository, or persons keeping register related to the central register, in the usual manner in accordance with the rules and operating procedures of the Central Depository. The subscription of the Certificates may be settled in the Central Depository only through a participant of the Central Depository.

The final results of the public offer, including the total nominal value of all issued Certificates, shall be published on the Issuer's website, i.e. at www.jtbank.cz/informacni-povinnost/#emise_cenny_ch_papiru, immediately after the closing of the public offer or immediately after the subscription of the Certificates in full.

The Issuer has the option to suspend or terminate the offer at its discretion (depending on its current funding needs), in which case no further orders shall be accepted at all or, in the case of a suspension of the offer, further orders shall not be accepted until the Issuer publishes information on the continuation of the offer. The Issuer shall always publish information about the termination of the offer, suspension of the offer or continuation of the offer in advance on a dedicated section of the Issuer's website www.jtbank.cz/informacni-povinnost/#emise_cenny_ch_papiru.

Admission to trading

The Issuer shall apply for admission of the Certificates to trading on the Regulated Market of the PSE and expects that the Certificates shall be admitted to trading as at the Issue Date, i.e. 29 June 2022. The estimated total amount of fees associated with the admission of the Certificates to trading on the regulated market is CZK 50,000 as an admission fee and CZK 10,000 as an annual trading fee.

After the Certificates are admitted to trading on the PSE, the Certificates shall be traded on the PSE and trades with them settled in EUR.

No person has accepted a commitment to act as an intermediary in trading on a secondary market (market maker). The Issuer cannot exclude that the Certificates may become untraded in any market or markets in the future and therefore that the Certificate Owners may not be able to sell the Certificates in such market or markets prior to their maturity date.

The Issuer is entitled to take steps to stabilise the Certificates on the Regulated Market of the PSE for the duration of the public offer from 16 June 2022 to 10 June 2023 and may, at its discretion, use its best endeavours to take such steps as it deems necessary and reasonable to stabilise or maintain (support) such market price of the Certificates as may not otherwise prevail. It cannot be guaranteed that stabilisation shall be carried out; the stabilisation can be stopped at any time. Stabilisation transactions may result in a higher market price than would be achieved without the stabilisation transaction.

Restrictions on the distribution of the Prospectus and the offer and sale of the Certificates

The distribution of the Prospectus and the offer, sale or purchase of the Certificates are restricted by law in certain countries. The Issuer has not applied for the approval or recognition of this Prospectus in any other country and the Certificates are not authorised or approved by any administrative or other authority of any jurisdiction except

for the approval of this Prospectus by the CNB (and NBS notification, if any) and, similarly, their offer shall not be enabled without further, except in the Czech Republic (and the Slovak Republic, if applicable), as described in this Prospectus (except the cases where the offer of the Certificates complies with all the conditions set forth for such offer under the applicable laws of the country in which such offer is made).

Persons, into whose possession the Prospectus comes, are responsible for complying with the restrictions that apply in each country to the offer, purchase or sale of the Certificates, or to the possession and distribution of any materials relating to the Certificates, including this Prospectus.

In addition to the foregoing, the Issuer requests all acquirers of the Certificates to comply with the provisions of all applicable laws and regulations in each country (including the Czech Republic) where they will purchase, offer, sell or transfer the Certificates issued by the Issuer, or where they will distribute, make available or otherwise circulate this Prospectus, including any supplements thereto, or other offering or promotional material or information relating to the Certificates, in each case at their own expense and regardless of whether this Prospectus or any supplements thereto or other offering or promotional material or information relating to the Certificates is captured in printed form or in electronic or other intangible form only.

Each person acquiring any Certificate shall be deemed to have declared and agreed that (i) such person understands all applicable restrictions on the offer and sale of the Certificates, particularly in the Czech Republic, that apply to such person and the applicable method of offer or sale, and (ii) such person shall not offer for sale or resell the Certificates, without complying with all applicable restrictions that apply to such person and the relevant method of offer and sale, and (iii) prior to offering or reselling the Certificates, such person shall inform potential purchasers that further offers or sales of the Certificates may be subject to legal restrictions in various countries that must be complied with.

The Issuer hereby notifies prospective acquirers of the Certificates that the Certificates have not been and shall not be registered under the U.S. Securities Act or with any securities commission or other regulatory authority of any state of the United States and, as a result, must not be offered, sold or transferred within the United States or to any residents of the United States (as such terms are defined in Regulation S promulgated to implement the U.S. Securities Act) other than pursuant to an exemption from registration obligation under the U.S. Securities Act or in a transaction that is not subject to the registration obligation under the U.S. Securities Act.

The Issuer further notes that the Certificates must not be offered or sold in the United Kingdom of Great Britain and Northern Ireland by means of the distribution of any material or announcement, except by way of an offer to sell to persons authorised to trade in securities in the United Kingdom on their own account or on the account of others, or in circumstances which do not constitute a public offer of securities within the meaning of the Companies Act of 1985, as amended. All legal transactions in relation to the Certificates carried out in, from or otherwise relating to the UK must then also be carried out in accordance with the Financial Services and Markets Act 2000 (FSMA 2000), as amended, the regulation on financial services promotion FSMA 2000 from 2005 (the Financial Promotion Order 2005), as amended, and the Prospectus Regulations 2005, as amended, as supplemented and modified by legislation enacted in connection with the UK's withdrawal from the European Union with effect from 1 January 2021, in particular the Official Listing of Securities (EU Exit) Regulations 2019, the Prospectus (EU Exit) Regulations 2019 and the Financial Services (Miscellaneous Amendments)(EU Exit) Regulations 2020.

MiFID II monitoring of financial instrument creation and distribution

Target market of eligible counterparties, non-retail clients and retail clients

Solely for the purposes of its own approval process by reviewing the target market in relation to the Certificates, the Issuer has evaluated that (i) the target market for the Certificates is eligible counterparties, non-retail clients within the meaning of Directive 2014/65/EU, as amended ("**MiFID II**"), as well as retail clients of the Issuer and (ii) all distribution channels are selected in the distribution of the Certificates in this target market, through the non-advised sales service or the portfolio management service, as the case may be.

Any person subsequently offering, selling or recommending the Certificates subject to MiFID II rules is responsible for conducting its own target market analysis in relation to the Certificates (either by adopting or refining a target market assessment) and determining its own appropriate distribution channels. The Issuer is always responsible for determining the target markets and distribution channels only in relation to the primary offer of the Certificates or the offer conducted by the Issuer itself.

Consent of the Issuer to the use of the Prospectus

The Issuer expressly consents to the use of the Prospectus for the subsequent resale or final placement of the Certificates by selected financial intermediaries, for the period from 16 June 2022 to 10 June 2023 and exclusively in the Czech Republic and the Slovak Republic.

As a condition of the above consent, the Issuer and the relevant financial intermediary shall enter into a written agreement for the resale or placement of the Certificates.

The Issuer shall publish a list and the identity of all financial intermediaries to whom it has consented to the use of the Prospectus for the subsequent resale or final placement of the Certificates, as well as any new information about such persons, on the Issuer's website www.jtbank.cz, in section "*Important Information*", link Securities Issues(https://www.jtbank.cz/informacni-povinnost/#emise_cennyh_papiru).

Length of the offer period: from 16 June 2022 to 10 June 2023.

The Issuer declares that it accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of securities by any financial intermediary that was given consent to use the Prospectus.

COMMUNICATION TO INVESTORS:

In the event of an offer being made by a financial intermediary, this financial intermediary shall provide information to investors on the terms and conditions of the offer of the Certificates valid at the time the offer is made.

A financial intermediary using the Prospectus must state on its website that it uses the Prospectus in accordance with the Issuer's consent and the terms and conditions attached thereto.

TERMS AND CONDITIONS OF THE CERTIFICATES

The certificates (the "**Certificates**") are issued by **J&T BANKA, a.s.**, Company ID No.: 471 15 378, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number B 1731 (the "**Issuer**"), with an expected total nominal value of the issue of up to EUR 100,000,000, which may be further increased up to EUR 200,000,000 EUR, with a fixed yield of 7.00% p.a. (the "**Issue**"; the individual certificates issued under the Issue are hereinafter referred to as the "**Certificates**"), the payment of which is subject to the fulfilment of the conditions set out in these terms and conditions of issue (the "**Terms and Conditions of the Certificates**").

The Certificates are unnamed book-entry securities issued in accordance with Czech law. The Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities.

The Issuer's debts under the Certificates represent direct, subordinated and unsecured debts of the Issuer. The Certificates do not have a fixed maturity date and the Certificate Owners do not have the right to demand their repayment.

The Issue was approved by a decision of the Issuer's Board of Directors dated 1 June 2022. The Certificates have been assigned ISIN code CZ0003707275 by the Central Depository. The abbreviated name of the Issue is J&T BK 7.00% PERP.

The Issuer is a bank within the meaning of Act No. 21/1992 Coll., on Banks, as amended. The Issuer expects that the Certificates shall be issued at the level of the Issuer as well as at the level of the consolidation group of the Issuer's parent company, i.e. **J&T FINANCE GROUP SE**, Company ID No.: 275 92 502, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number H 1317 ("**J&T FINANCE GROUP**"), compiled for the purposes of prudential requirements in accordance with Article 18 of 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, and the relevant measure of a general nature (as at the date of this Terms and Conditions of the Certificates it is the measure of a general nature on prudential consolidation issued by the Czech National Bank on 16 October 2014 under ref. no. 2014/47553/CNB/560) (the "**Prudential Consolidation Group**"), included in the additional tier 1 capital (AT1).

The inclusion of the Certificates in the additional tier 1 capital at the Issuer level as well as at the level of the Prudential Consolidation Group is subject to a discussion of such intention with the Czech National Bank, and the Issuer cannot guarantee the outcome of such discussion in any respect. For the purpose of the public offer of the Certificates and their admission to trading on the Regulated Market of the PSE, the Issuer has prepared, in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and Commission Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Prospectus Regulation**"), the prospectus of the Certificates (the "**Prospectus**"), of which these Terms and Conditions of the Certificates form part. The Prospectus was approved by the decision of the Czech National Bank ref. no. 2022/057990/CNB/570 for file no. S-Sp-2022/00053/CNB/572 dated 14 June 2022, which became enforceable on 15 June 2022, and published in accordance with the relevant legal regulations.

By deciding on the approval of a prospectus of a security, the Czech National Bank only certifies that the approved prospectus meets the standards of completeness, clarity and consistency required by the Prospectus Regulation and other relevant legislation, i.e. that it contains the necessary information which is essential for an investor to make an informed assessment of the issuer and the securities. An investor should always assess the profitability of an investment based on a full knowledge of the contents of the prospectus. The Czech National Bank does not assess the economic results or financial situation of the issuer, and by approving the prospectus it does not

guarantee the future profitability of the issuer or its ability to repay the yields or the nominal value of the security (if relevant). The Czech National Bank supervises the public offer of the Certificates, in particular compliance with the Prospectus Regulation; however, it does not exercise any special supervision over the Issue or the Issuer within the scope of the legal regulations governing the public offer of securities and their admission to trading on the Regulated Market of the PSE.

The issue date is set for 29 June 2022 (the "**Issue Date**"). The Issuer shall apply for the Certificates to be admitted to trading on the Regulated Market of the PSE (as such term is defined below) and expects that the Certificates shall be admitted to trading on or shortly after this Issue Date. The activities of the Administrator in connection with the payment of yields and the Certificates Repayment shall be carried out by the Issuer. The Issuer shall also act as listing agent (the "**Listing Agent**"), whose activities lies in listing the Issue on the Regulated Market of the PSE.

In the event that there should be a public offer of the Certificates in the Slovak Republic, the Issuer shall request the Czech National Bank to notify the National Bank of Slovakia of the approval of the Prospectus and translate the Prospectus (including the Terms and Conditions of the Certificates) into the relevant language in accordance with the applicable regulations governing the public offer of the Certificates in the Slovak Republic.

There is not and shall not be any representation of the Certificate Owners or any organisation representing the Certificate Owners.

Unless otherwise stated in the Terms and Conditions of the Certificates, capitalised terms shall have the meaning assigned to them in Article 19 (*Definitions and interpretation rules*).

1. GENERAL CHARACTERISTICS OF THE CERTIFICATES

1.1 Nature of the Certificates as securities

- (a) The Certificates are unnamed book-entry securities issued by the Issuer pursuant to Czech law. Legal relations arising from them are governed by Act No. 89/2012 Coll., the Civil Code, and these Terms and Conditions of the Certificates.
- (b) The Certificates are subordinated and unsecured. The Certificates do not have a fixed maturity date. The Certificates are hybrid financial instruments combining the economic characteristics of equity and debt securities. The Certificates are not bonds within the meaning of Act No. 190/2004 Coll., on Bonds, as amended, i.e. they do not carry a right to repayment of the nominal value, nor have these Terms and Conditions of the Certificates been drawn up in accordance with the Act on Bonds.
- (c) By acquiring the Certificate, its owner does not become a shareholder of the Issuer and does not acquire any rights arising from participation in the Issuer (in particular, rights to a share in profits or other own funds).

1.2 Inclusion of the Certificates in the additional tier 1 capital at the level of both the Issuer and the Prudential Consolidation Group

- (a) The Certificates may be included in the additional tier 1 capital at the level of the Issuer and at the level of the Prudential Consolidation Group, subject to the conditions set out in Article 52(1) of the CRR (in particular, provided that (i) they do not have a fixed maturity (perpetual instruments) and the provisions governing them do not contain any incentive for the Issuer to repay them, (ii) they may be terminated, repaid or repurchased only with the consent of the Czech National Bank, and not earlier than five years after the date of their issue, (iii) the payment of yields of the instruments may be made only out of the components of the equity capital eligible for distribution to the Issuer's shareholders, and (iv) the debts therefrom cannot lead to the insolvency of the Issuer). The Issuer expects that these conditions shall be met in the case of the Certificates and that the Certificates shall be included in the additional tier 1 capital

at the level of the Issuer and at the level of the Prudential Consolidation Group within the meaning of the relevant provisions of the CRR. In the event that the Certificates are not included in the additional tier 1 capital at the level of the Issuer or at the level of the Issuer's Prudential Consolidation Group, the Issuer may, with the prior consent of the CNB, decide to repay the Certificates pursuant to Article 5.3(a)(ii).

- (b) The Issuer shall be entitled, in accordance with Article 13.2 (*Amendments triggered by the requirements for inclusion of the Certificates in the additional tier 1 capital*), without the prior consent of the Certificate Owners (as such term is defined in Article 2.2(b) below), to amend these Terms and Conditions of the Certificates to the extent necessary to comply with the conditions for inclusion of the Certificates in the additional tier 1 capital at the level of the Issuer and at the level of the Prudential Consolidation Group.

1.3 Type, form, nominal value

The Certificates are issued as book-entry securities. The Certificates shall be issued in an expected number of 100,000 pieces, each with a nominal value of EUR 1,000. The nominal value may be reduced under the conditions set out in these Terms and Conditions of the Certificates (in particular Articles 6 and 7).

1.4 Currency

The nominal value of the Certificates is expressed in euro (EUR).

1.5 Obligations of the Issuer under the Certificates

The Issuer undertakes, subject to the conditions set out in the Terms and Conditions of the Certificates, to pay out the yield to the Certificate Owners and, if it is decided to repay the Certificates in accordance with the Terms and Conditions of the Certificates, to pay the Redemption Price (as defined in Article 5.4 (*Redemption Price and its payment*)).

1.6 Status of the Certificates

- (a) In the event of liquidation or bankruptcy of the Issuer, the debts of the Issuer under the Certificates constitute direct, unsecured and subordinated debts of the Issuer (in the highest degree of subordination).
- (b) The debts of the Issuer under the Certificates are and always shall be:
 - (i) pari passu without any preference among themselves;
 - (ii) pari passu with:
 - (A) other AT1 Instruments of the Issuer at the level of the Issuer and at the level of the Prudential Consolidation Group; and
 - (B) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Certificates and the right to receive repayment of the capital in the event of the liquidation or bankruptcy of the Issuer;
 - (iii) senior to the CET1 Instruments of the Issuer and any other obligation or equity instruments of the Issuer that rank or are expressed to rank junior to the Certificates and the right to receive repayment of the capital in the event of the liquidation or bankruptcy of the Issuer;
 - (iv) junior to any present or future claims of:
 - (A) unsubordinated creditors of the Issuer; and

- (B) other subordinated creditors of the Issuer that rank or are expressed to rank senior to the Certificates in the event of the liquidation or bankruptcy of the Issuer, including the owners of the Tier 2 Instruments and creditors of subordinated loans included in the tier 2 capital at the level of the Issuer and at the level of the Prudential Consolidation Group.
- (c) Accordingly, in the event of the Issuer entering into liquidation or in the event of the Issuer's bankruptcy, the Certificate Owners are in a worse position as a result of the fact that both unsubordinated and subordinated receivables of the Issuer's creditors shall be paid in priority in such proceedings.
- (d) The subordination of the Certificates within the meaning of the foregoing articles is absolute and unconditional. There are no obligations (including contractual obligations) that would increase the order of satisfaction of receivables from the Certificates in the event of the Issuer's bankruptcy or liquidation.
- (e) In the event that the Certificate Owners receive any payment from the Certificates in violation of the foregoing provisions on subordination, the Certificate Owners commit to return such payment to the Issuer.
- (f) For the avoidance of doubt, it is hereby specifically stipulated that the provisions of this Article 1.6 (*Status of the Certificates*) shall also govern any receivables arising in connection with the Certificates, including any rights to compensation for damages or payment of unjust enrichment.

1.7 No collateral for the Certificates

The Certificates are not and shall not be secured in any way, including that no person other than the Issuer guarantees the receivables under the Certificates or provides any other collateral.

1.8 Impact of the Certificates on the Issuer's economic situation

- (a) The Certificates are a less burdensome instrument than debt securities in terms of the Issuer's economic situation.
- (b) The Certificates do not have a fixed maturity date, i.e. there is no predetermined date on which the Issuer would be obliged to pay the amount corresponding to the nominal value of the Certificate. The Issuer shall pay the amount corresponding to the nominal value of the Certificate together with the accrued and unpaid yield only under the conditions set out in Article 5 (*Repayment*).
- (c) The Issuer shall pay the yields of the Certificates only under the conditions set out in Article 4 (*Yield*). The Issuer may, at its discretion, decide that the right to payment of the yield (in part or in full) shall not arise, as detailed in Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*). The right to receive payment of the yield (in part or in full) for a given Yield Period shall be cancelled if the conditions in Article 4.5 (*Mandatory cancellation or reduction of the yield payment*) occur. In the event that a Trigger Event occurs, the automatic cancellation of the yield shall occur as detailed in Article 4.6 (*Automatic cancellation of the yields*).

1.9 Equal treatment

The Issuer undertakes to treat all Certificate Owners under the same circumstances equally.

1.10 Separation of the right to yield, pre-emptive and exchangeable rights

- (a) Separation of the right to yield from the Certificate is excluded (no coupons shall be issued carrying a right to yield of the Certificate).
- (b) The Certificates shall carry no pre-emptive or exchange rights.

1.11 Financial capacity assessment (rating)

As at the Issue Date, the Issuer has not been assigned a rating by a company registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council on credit rating agencies, as amended, or by any other company. A separate financial assessment of the Issue has not been carried out as at the Issue Date and the Issue therefore does not have a separate rating.

1.12 Limitation of offsetting

Receivables from the Certificates must not be subject to any set-off, final settlement or other compensation. No Certificate Owner has the right to set off its receivables for repayment of the nominal value of the Certificates against receivables of the Issuer against such Certificate Owner and, by acquiring the Certificates, each Certificate Owner waives, to the fullest extent permitted by law, its rights of set-off, final settlement or other compensation against receivables from the Certificates.

2. OWNERSHIP AND TRANSFER OF THE CERTIFICATES

2.1 Record-keeping

The Certificates are kept in the central register of book-entry securities (the "**Register**") maintained by the Central Depository.

2.2 Certificate Owner

- (a) The Certificate Owner is, unless the Issuer is proven the contrary in a convincing way, a person for whom an owner's account (the "**Owner's Account**") in which the Certificate is registered, is kept by the Central Depository within the Register or by a person authorised to keep records related to the central register of book-entry securities.
- (b) The person, on whose owner's account (within the meaning of the Capital Market Business Act) in the Central Depository or in the register related to the central register the Certificate is registered, is the owner of the Certificate (the "**Certificate Owner**"). Until the Issuer has been proven in a convincing way, not more than 5 Business Days prior to the Payment Date, that the entry in the owner's account in the Central Depository or in the register related to the central register does not correspond to the reality and that there is another person, in whose owner's account in the Central Depository or in the register related to the central register the Certificate should be registered, the Issuer shall treat each Certificate Owner as the authorised owner thereof in all respects and make payments to them in accordance with these Terms and Conditions of the Certificates. Notwithstanding the preceding sentence, the following shall apply:
 - (i) the right to the yield payment or the right to repayment of the Redemption Price has (as defined in Article 5.4 (*Redemption Price and its repayment*)) the person referred to in Article 9.4 (*Determination of the right to receive payments from the Certificates*),
 - (ii) the right to attend the meeting has the person who is the Certificate Owner as at the Decisive Date for participation in the Meeting (as defined in Article 12.4 (*Persons entitled to participate in and vote at the Meeting*)).
- (c) Persons whose Owner's Account in the Central Depository or in the register related to the central register do not record the Certificates for any reason, although they have the ownership right to the Certificates, are obliged to inform the Issuer of this fact and of the title of ownership to the Certificates immediately, and to prove these facts to its satisfaction.

2.3 Transfer of the Certificates

- (a) The transfer of the Certificates shall be effected by recording such transfer in the Owner's Account with the Central Depository in accordance with the applicable laws and regulations of the Central Depository. In the case of the Certificates registered in the Central Depository in the customer account, the transfer of the Certificates shall be effected (i) by recording the transfer in the customer account in accordance with the applicable laws and regulations of the Central Depository, including that the customers' account owner is obliged to promptly record such transfer in the Owner's Account at the time of recording in the customer account, or (ii) in the case of a transfer between the Certificate Owners within the same customer account, by recording the transfer in the Owner's Account in the register related to the central register.
- (b) The transferability of the Certificates is not limited.

3. ISSUE DATE, SUBSCRIPTION PERIOD, ISSUE PRICE, METHOD AND PLACE OF SUBSCRIPTION OF THE CERTIFICATES

3.1 Issue Date, subscription period, issue volume

- (a) The Issue Date is 29 June 2022. The Certificates may be issued in one lump sum as at the Issue Date or continuously at any time after the Issue Date. The subscription period shall commence on 16 June 2022 and end on 10 June 2023 (the "**Subscription Period**"), or on the expiry of such additional subscription period (the "**Additional Subscription Period**") as may be determined by the Issuer, including repeatedly. The Issuer is obliged to announce the decision on setting the Additional Subscription Period in the manner specified in Article 14 (*Announcements*).
- (b) The estimated total nominal value of the issue is EUR 100,000,000. The Issuer is entitled, on the Issue Date or during the Subscription Period, to issue the Certificates in a larger volume than the expected total nominal value of the issue of Certificates, up to the amount of EUR 200,000,000.
- (c) The Issuer is entitled to issue the Certificates in a smaller volume than the expected total nominal value of the issue of the Certificates.
- (d) The Issuer shall notify the Certificate Owners of the total nominal value of all issued Certificates after their issue without undue delay after the expiry of the Certificates subscription period or after the subscription of the entire volume of the Certificates issue, in the manner specified in Article 14 (*Announcements*).

3.2 Issue price

- (a) The issue price (the "**Issue Price**") of all Certificates issued as at the Issue Date is 100% of their nominal value.
- (b) The issue price of any Certificates issued after the Issue Date shall always be determined on the basis of current market conditions. If relevant, the corresponding accrued interest shall be added to the amount of the Issue Price of any Certificates issued after the Issue Date. The current Issue Price shall be published on the Issuer's website www.jtbank.cz/informacni-povinnost/#emise_cenny_ch_papiru.

3.3 Method and place of the Certificates subscription

The Certificates shall be offered as part of the public offer. More detailed information on the method and place of the Certificates subscription is set out in chapter "*Terms and conditions of the public offer, admission to trading and trading method*" of the Prospectus.

4. YIELD

4.1 Origination of the right to yield

- (a) Subject to the conditions set out later in this Article, the Certificates shall bear a yield on their nominal value set at a fixed rate of 7.00% per annum, provided that the Issuer may use only Distributable Items to pay the yield.
- (b) The origination of the right to yield for each individual yield period specified in Article 4.3(b) (the "**Yield Period**") is conditioned by all of the following:
- (i) The Issuer shall determine the maximum amount to be distributed pursuant to Section 68 of the Decree (or, if applicable, pursuant to another provision of the relevant Czech legislation implementing Article 141(2) of CRD IV or Article 141b of CRD 5), if required so under the Decree (the "**Maximum Distributable Amount**");
 - (ii) The Issuer shall have, as at the last day of the relevant Yield Period, the Distributable Items which have been resolved by the Issuer's General Meeting to be used for the payment of the yields on the Certificates (the "**Approved Distributable Items**"), provided that the Approved Available Resources cannot at any time exceed the Maximum Distributable Amount; and
 - (iii) the following conditions shall be met:
 - (A) the situation foreseen in Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*), Article 4.5 (*Mandatory cancellation or reduction of the yield payment*) or Article 4.6 (*Automatic cancellation of the yield payment*) shall not occur;
 - (B) The CNB shall not decide to defer the maturity of the yield or to write off the Certificate in full in accordance with the relevant provisions of the Act on Recovery and Resolution.
- (c) If, as at the last day of a Yield Period, the Issuer does not have Approved Distributable Items in an amount sufficient to pay the full yield of the Certificates to the extent pursuant to Article 4.2(b), the yield attributable to a Certificate shall be reduced comparatively (on a *pro rata* basis) in accordance with Article 4.4 (*Cancelling and reducing the yield payment at the discretion of the Issuer*).

4.2 Yield determination

- (a) Yields shall accrue from the first to the last day of each Yield Period.
- (b) The amount of the yield attributable to one Certificate for a period of less than 1 (one) current year shall be determined as a multiple of the nominal value of such Certificate, the relevant interest rate (expressed as a decimal number) and the relevant fraction of days calculated according to the convention for the yield calculation as set out under point (c) of this Article. In relation to the nominal value of the Certificate on which the yield is calculated, the rules set out in Article 6.3(a)(iii) and Article 7.3(iii) shall be taken into account. The total amount of the Certificate yield shall be rounded to two decimal places according to mathematical rules.
- (c) For the purpose of calculating the yield from the Certificates for a period shorter than 1 (one) year, one year shall be deemed to have 360 (three hundred and sixty) days divided into 12 (twelve) months of 30 (thirty) days each; in the case of an incomplete month, the number of days actually elapsed shall be used (BCK Standard 30E/360).
- (d) The amount of distributed yields from the Certificates shall not change based on the credit rating of the Issuer, J&T FINANCE GROUP, or any other company.

4.3 Maturity

- (a) Yields shall be paid for each Yield Period retrospectively, always on the 10th day of the calendar month following the month in which the relevant Yield Period ended (the "**Yield Payment Date**"), in accordance with Article 7.4 (*Payment Terms and Conditions*). The first yield payment shall be made as at 10 January 2023. The Yield Payment Date shall be postponed to the next following business day in accordance with the business day convention.
- (b) For the purposes of these Terms and Conditions of the Certificates, the Yield Period means:
 - (i) in the case of the first Yield Period, the period commencing on the Issue Date (inclusive) and ending on 28 December 2022;
 - (ii) in the case of each subsequent Yield Period, the period commencing on the day immediately following the last day of the preceding Yield Period (the "**First Day of the Yield Period**") and ending on the day immediately preceding the day on which a period of 6 (six) months from the First Day of the Yield Period has elapsed;
 - (iii) in the case of the last Yield Period, the period commencing on the day immediately following the last day of the preceding Yield Period and ending on the day immediately preceding the Certificates Maturity Date (as defined in Article 5.3(a)).
- (c) For the purposes of the commencement of any Yield Period, the decisive dates shall not be postponed in accordance with the business day convention.
- (d) The Certificates yield shall cease to accrue on the Certificates Maturity Date (as defined in Article 5.3(a) below), unless the Issuer has failed to repay the amount due despite compliance with all conditions and rules under the Terms and Conditions of the Certificates and the Capital Regulations. In such case, the outstanding amount shall continue to accrue the yield at the abovementioned rate of return until the date on which all amounts due on that date are paid to the Certificate Owners in accordance with the Terms and Conditions of the Certificates. Accordingly, in the event of a default by the Issuer in the Certificates Repayment, no special default interest shall accrue in excess of the yield at the rate of return.

4.4 Cancelling or reducing the yield payment at the discretion of the Issuer

- (a) The Issuer may at any time, at its sole discretion (in which it is not limited in any way), elect to cancel (in whole or in part) any yields from the Certificates that are scheduled to be paid, for an unlimited period and on a non-cumulative basis.
- (b) If the Issuer elects pursuant to point (a) of this Article to cancel (in whole or in part) the yields from the Certificates, the Issuer shall notify the Certificate Owners of such decision without undue delay in the manner set out in Article 14 (*Announcements*), but no later than on the Yield Payment Date. The notification shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant distribution of yields from the Certificates to be paid on the relevant Yield Payment Date. The notification under this paragraph may be part of the notification under Article 4.9 (*Yield notification*).
- (c) Any absence of notification shall not affect the validity of the cancellation or reduction of the payment of yields, and shall in no event constitute a breach of the Issuer's obligations.

4.5 Mandatory cancellation or reduction of the yield payment

- (a) Without prejudice to (a) the Issuer's entitlement under Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*) and (b) prohibition on making payments of yields from the AT1 Instruments prior to the determination of the Maximum Distributable Amount, any payment of yields

from the Certificates shall be cancelled in whole or in part by the Issuer in the case that (and to the extent that):

- (i) the payment of the yields from the Certificates, that would otherwise be payable, together with any other payments of yields from the Certificates, the CET 1 Instruments or the AT 1 Instruments at the level of the Issuer or the Prudential Consolidation Group, and the payments referred to in Section 68(1)(b)(2) of the Decree, and with any increase in the nominal value of the relevant instruments, would exceed (in aggregate) the Maximum Distributable Amount (if any); or
 - (ii) the payment of the yields from the Certificates, together with any other payments of the yields from the Certificates, the CET 1 Instruments or the AT 1 Instruments in the given accounting period (whether made or expected) and with possible increase in the nominal value of the relevant instruments, would exceed (in aggregate) the Distributable Items (as at the relevant Yield Payment Date); or
 - (iii) the Certificate is written off.
- (b) The cancellation or reduction of yields under this Article 4.5 (*Mandatory cancellation or reduction of the yield payment*) shall take effect as at the relevant Yield Payment Date, on which the above conditions are not met (unless a different date is specified in the CNB's decision under paragraph (iii), point (a) of this Article).

4.6 Automatic cancellation of the yields

If the Trigger Event (as such term is defined below) occurs, all accrued but unpaid yields from the Certificates up to and including the Trigger Event shall be automatically cancelled, whether or not such yields have become payable. For the avoidance of doubt, any accrued but unpaid yields from the time of the Trigger Event to the date of the reduction of the nominal value shall also be automatically cancelled, irrespective of whether or not any notification of the yields cancellation has been made.

4.7 Consequences of the yields cancellation or reduction

If the yields are cancelled or reduced pursuant to Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*), Article 4.5 (*Mandatory cancellation or reduction of the yield payment*) or Article 4.6 (*Automatic cancellation of the yield payment*), then the Certificates yields for the Yield Periods, to which such cancellation or reduction applies, shall not accrue to the extent cancelled and shall not be payable after the end of the Yield Period. The right to payment of the yields to the extent cancelled shall not arise in respect of such Yield Periods. This does not affect the determination of the Yield Periods or the method of calculating the yield for those Yield Periods in respect of which the yield payment has not been cancelled.

4.8 Absence of the yield cancellation decision

If the Issuer has not paid the yield (in part or in full) for the given Yield Period, even within 10 Business Days of its maturity, without first deciding to cancel the yield payment pursuant to Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*) and no other grounds for the yield cancellation or reduction has been given at the same time, the Issuer shall be deemed to have made the cancellation decision pursuant to Article 4.4(a) in respect of the yield in question, and the right to such yield shall lapse retrospectively with effect from the day following the relevant Yield Payment Date.

4.9 Yield notification

- (a) The Issuer shall, prior to the Yield Payment Date, notify the Certificate Owners in accordance with Article 14 (*Announcements*):

- (i) the amount of the yield for the relevant Yield Period attributable to one Certificate, stating whether or not the yield has been reduced and, if applicable, for what reason; or
 - (ii) the fact that the yield payment has been cancelled for the relevant Yield Period and, if applicable, for what reason.
- (b) The notification pursuant to the preceding paragraph does not limit the Issuer's ability to nevertheless decide to cancel or reduce the yield payment at any time up to and including the Yield Payment Date pursuant to Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*) and Article 4.5 (*Mandatory cancellation or reduction of the yield payment*).

4.10 Non-cumulative non-payment of yields and no default

A reduction or non-payment of yields for a given Yield Period, whether due to a shortfall in the Approved Distributable Items, a decision of the CNB or for the reasons set out in Article 4.4 (*Cancelling or reducing the yield payment at the discretion of the Issuer*), Article 4.5 (*Mandatory cancellation or reduction of the yield payment*) or Article 4.6 (*Automatic cancellation of the yield payment*):

- (i) is permanent and shall not be offset in any way in subsequent Yield Periods; and
- (ii) shall not, for any purpose, constitute a breach of the Issuer's obligations, and the Certificate Owners shall not incur any rights, whether in the event of the bankruptcy or liquidation of the Issuer or otherwise. Any such cancellation or reduction of yields shall not impose any restrictions on the Issuer. Neither the Certificate Owners, nor any other persons shall be entitled to claim any compensation for damages or make any other claims against the Issuer or other persons in this connection.

4.11 Use of unpaid yields

Unpaid yields may be used without limitation to the payment of the Issuer's debts as they fall due.

5. REPAYMENT

5.1 No fixed Certificates maturity date

- (a) The Certificates do not have a fixed maturity (redemption) date and the Certificate Owners do not have the right to demand their repayment.
- (b) The Issuer may repay the Certificates only with the prior consent of the CNB under the conditions set out in the Capital Regulations and the Terms and Conditions of the Certificates. The Issuer does not in any respect guarantee or give any assurance that it shall repay the Certificates. The Certificates Repayment shall always be at the discretion of the Issuer, taking into account compliance with the capital adequacy requirements at the level of the Issuer or at the level of the Prudential Consolidation Group and the solvency of the Issuer. Failure to repay the Certificates shall not, for any purpose, constitute a breach of the Issuer's obligations, and the Certificate Owners shall not incur any rights, whether in the event of the bankruptcy or liquidation of the Issuer or otherwise. Neither the Certificate Owners, nor any other persons shall be entitled to claim any compensation for damages or make any other claims against the Issuer or other persons in this connection.
- (c) Under the Capital Regulations, the Issuer may repay the Certificates only in accordance with the conditions set out in Articles 77 and 78 of the CRR, and not earlier than 5 (five) years after the Issue Date, except where the conditions set out in Article 78(4) of the CRR are met (i.e. except in the case of a Capital Event or a Tax Law Change).

- (d) The Certificates are payable immediately only in the event of liquidation or insolvency of the Issuer, subject to the terms and conditions set out in these Terms and Conditions of the Certificates.
- (e) The Issuer shall pay the amount corresponding to the nominal value of the Certificates together with the accrued and unpaid yield (the "**Certificates Repayment**") only if:
 - (i) a decision is made to wind up the Issuer with liquidation, in which case the Issuer shall repay the Certificates to the extent provided by applicable legislation as at a date to be determined by the liquidator of the Issuer, which must be prior to the date of the final report on the course of the liquidation (the "**Liquidation Settlement**"); or
 - (ii) the Issuer decides to do so with the prior consent of the CNB under the other conditions set out in Articles 5.3 (*Issuer's decision on the Certificates repayment*) to 5.5 (*Suspension of the Redemption Price repayment*).
- (f) If the Issuer is certified insolvent, then the amount corresponding to the nominal value of the Certificates, together with the accrued and unpaid yield, shall be deemed to be payable for the purposes of the insolvency proceedings in respect of the Issuer, and the Insolvency Act shall apply.

5.2 CNB consent

- (a) Unless it has been previously decided that the Issuer would be wound up with liquidation or unless the Issuer's bankruptcy has been certified earlier, the Certificates may be repaid no earlier than after the 5th (fifth) anniversary of their issue and only with the prior consent of the CNB. Pursuant to the legislation in force as at the Issue Date, the prior consent of the CNB to the Certificates Repayment may be granted pursuant to Article 78 of the CRR if any of the following conditions are met:
 - (i) the Issuer replaces the Certificates with equity instruments at the level of the Issuer and at the level of the Prudential Consolidation Group of equal or higher quality under terms and conditions that are sustainable in terms of its economic capabilities; or
 - (ii) the Issuer has demonstrated, to the satisfaction of the CNB, that capital at the level of the Issuer and at the level of the Prudential Consolidation Group would, after the Certificates Repayment, exceed the requirements set out in Article 92(1) of the CRR and the combined capital buffer requirement within the meaning of Article 128(6) of CRD IV to the extent that the CNB may deem necessary pursuant to Article 104(3) of CRD IV.
- (b) If the other conditions set out in point (a) of this Article 5.2 (*CNB Consent*) are met, the CNB may, pursuant to the legislation in force as at the Issue Date, grant consent to the Certificates Repayment prior to the 5th (fifth) anniversary of their issue due to a Tax Law Change and/or a Capital Event in accordance with Article 78(4) of the CRR if:
 - (i) In the event of repayment upon the occurrence of the Capital Event, the Issuer demonstrates to the satisfaction of the CNB that the change in the relevant regulatory classification of the Certificates was not reasonably foreseeable on the Issue Date.
 - (ii) In the event of repayment upon the Tax Law Change, the Issuer demonstrates to the satisfaction of the CNB that the change in the relevant tax regime of the Certificates is significant and was not reasonably foreseeable on the Issue Date.
- (c) The granting of the CNB's consent to the Certificates Repayment shall be at the sole discretion of the CNB and the Issuer makes no declaration or warranty that the CNB shall consent to the Certificates Repayment. For the avoidance of doubt, failure to grant the CNB's consent in accordance with Article 78 of the CRR does not constitute a breach of any obligation.

5.3 Issuer's decision on the Certificates repayment

- (a) If the CNB's prior consent to the Certificates Repayment has been granted and no Trigger Event (as defined in Article 6.1 (*Issuer's notification obligation*)), the Issuer is entitled to decide on the Certificates Repayment:
- (i) on the first Yield Payment Date that next follows to the 5th (fifth) anniversary of the Issue Date, and on each subsequent Yield Payment Date; or
 - (ii) as at any Yield Payment Date (although at least 5 (five) years from the date of issuance of the Certificates have not elapsed yet) if:
 - (A) the Capital Event has occurred (in which case only all of the Certificates may be repaid, not a portion thereof),
 - (B) the Tax Law Change has occurred (in which case only a portion of the Certificates may be repaid, not all of the Certificates)

(any date determined by the Issuer in accordance with this point (a) of this Article, the "**Certificates Maturity Date**").

- (b) The Issuer may decide on the Certificates Repayment no later than one (1) month before the end of the Yield Period which is immediately followed by the Certificates Maturity Date, provided that it shall notify the Certificate Owners of such decision without undue delay in accordance with Article 14 (*Announcements*).
- (c) The Issuer shall not decide on the Certificates Repayment or make a notification of the Certificates Repayment pursuant to Article 14 (*Announcements*) if the Trigger Event occurs and is ongoing. If the Issuer decides on the Certificates Repayment, makes a notification of the Certificates Repayment and the Trigger Event occurs prior to the relevant Certificates Maturity Date, the effects of the Issuer's decision on the Certificates Repayment made pursuant to this Article 5.3 (*Issuer's decision on the Certificates repayment*) shall cease and the Issuer's corresponding obligation of the Certificates Repayment shall cease without further.

5.4 Redemption Price and its repayment

- (a) The nominal value of the Certificates, together with the accrued and unpaid yield as at the Certificates Maturity Date (the "**Redemption Price**"), shall be paid on the Certificates Maturity Date in the manner provided in Article 7.4 (*Payment Terms and Conditions*); this shall not apply if the effects of the Issuer's decision on the Certificates Repayment pursuant to Article 5.3 (*Issuer's decision on the Certificates repayment*) cease to exist. For the avoidance of doubt, the nominal value of the Certificates for the purpose of determining the Redemption Price shall correspond to the current nominal value of the Certificates effective as at the Certificates Maturity Date.
- (b) If the Redemption Price is paid without the prior consent of the CNB, the Certificate Owner is obliged to return the Redemption Price so paid to the Issuer without undue delay.

5.5 Suspension of the Redemption Price repayment

- (a) In the event that, at any time after the right to payment of the Redemption Price arises, but prior to the Certificates Maturity Date, payment of the Redemption Price would result in:
- (i) breach of prudential requirements at the level of the Issuer or at the level of the Prudential Consolidation Group arising from the CRR, CRD IV and other legislation;

- (ii) a material adverse impact on the financial position or solvency of the Issuer; or
- (iii) bankruptcy (i.e. over-indebtedness or insolvency) of the Issuer under the relevant provisions of the Insolvency Act,

The Issuer shall suspend the payment of the Redemption Price or any part thereof until such time when the payment of the Redemption Price does not result in such a breach. The Issuer is obliged to notify the Certificate Owners of this fact without undue delay in the manner specified in Article 14 (*Announcements*).

- (b) No later than 14 (fourteen) days after the Issuer becomes aware that the reasons for the suspension of the payment of the Redemption Price have ceased to exist, the Issuer shall pay the Redemption Price or the remaining part thereof; this shall not apply if the effects of the Issuer's decision on the Certificates repayment pursuant to Article 5.3 (*Issuer's decision on the Certificates repayment*) have ceased to exist in the meantime.
- (c) During the period for which the Redemption Price repayment is suspended, the Redemption Price or a portion thereof that has been suspended shall not accrue interest. Neither the Certificate Owners, nor any other persons shall be entitled to claim any compensation for damages or make any other claims against the Issuer or other persons in connection with the suspension of the Redemption Price repayment.

5.6 Liquidator's decision on the Certificates repayment

The Liquidator shall notify the Certificate Owners of its decision pursuant to Article 5.1(e)(i) in line with Article 14 (*Announcements*). The procedure for the Certificates Repayment pursuant to such a decision shall be proportionally governed by Articles 5.3 (*Issuer's decision on the Certificates repayment*) to 5.5 (*Suspension of the Redemption Price repayment*).

6. TRIGGER EVENT AND REDUCTION IN THE NOMINAL VALUE OF THE CERTIFICATES

6.1 Issuer's notification obligation

- (a) The Issuer is obliged to monitor the common equity tier 1 ratio at the Issuer level or at the Prudential Consolidation Group level on an ongoing basis and, in the event that it finds out that:
 - (i) at the level of the Issuer or at the level of the Prudential Consolidation Group, the common equity tier 1 ratio has fallen below 6.00% at any time;
 - (ii) at the level of the Issuer or at the level of the Prudential Consolidation Group, the common equity tier 1 ratio has fallen below 5.125% at any time (the "**Trigger Event**"),

the Issuer shall notify the Certificate Owners without undue delay in accordance with the procedure set out in Article 14 (*Announcements*) as well as the CNB (a notification that the Trigger Event has occurred, the "**Trigger Event Notification**").

- (b) The CNB may also decide whether the Trigger Event has occurred. Such decision shall be binding on the Certificate Owners.

6.2 Decision on the reduction of the nominal value of the Certificates

- (a) If the Trigger Event occurs, the Issuer is obliged to decide, without undue delay and no later than within 1 (one) month from the time the Trigger Event occurred (unless the CNB stipulates a shorter period), on the reduction of the nominal value of the Certificates by the amount necessary to restore the common equity tier 1 capital at the level of the Issuer or at the level of the Prudential Consolidation Group above

the value giving rise to the Trigger Event, provided that at the same time the nominal value of a Certificate shall not be less than EUR 0.01. The reduction of the nominal value of the Certificates may also be carried out repeatedly if more Trigger Events occur in succession.

The reduction of the nominal value of the Certificates shall always occur equally (on a *pro rata* basis) for all Certificates. If other AT 1 Instruments have been issued at the level of the Issuer or at the level of the Prudential Consolidation Group, which have a similar nominal value reduction provisions and which are subject to the same conditions to which such nominal value reduction is linked (Trigger Event) as the Certificates, the nominal value of the Certificates and other such AT 1 Instruments that are included in the additional tier 1 capital at the level of the Issuer or at the level of the Issuer's Prudential Consolidation Group shall be reduced equally (on a *pro rata* basis).

- (b) Notwithstanding Articles 6.2(a) and 0, the nominal value of a Certificate must not fall below EUR 0.01.
- (c) The Issuer's decision on the reduction of the nominal value of the Certificates contains:
 - (i) the total amount of the reduction of the nominal value of all Certificates;
 - (ii) the amount of the reduction of the nominal value per one Certificate;
 - (iii) the new amount of the nominal value per one Certificate;
 - (iv) the date, on which the nominal value of the Certificates shall be reduced; this date shall not precede the date of publication of the decision and shall not be later than 1 (one) month from the time when the Trigger Event occurred (unless the CNB stipulates a shorter period);
 - (v) the projected amount of the common equity tier 1 capital ratio at the level of the Issuer or at the level of the Prudential Consolidation Group after the reduction in the nominal value of the Certificates.
- (d) The Issuer's decision on the reduction of the nominal value of the Certificates shall be published in accordance with the procedure set out in Article 14 (*Announcements*). The effects of the Issuer's decision to reduce the nominal value of the Certificates shall take effect at the time of such publication; the publication of the decision shall occur at such time that shall not jeopardise or prevent the performance of the obligation under Article 6.2(c)(iv). Terms and Conditions of the Certificates in Article 1.3 (*Type, form, nominal value*) as well as the rights attached to the Certificates, as set out in Article 6.3 (*Consequences of reduction of the nominal value*), shall be amended as at the date specified in Article 6.2(c)(iv).

6.3 Consequences of reduction of the nominal value

- (a) A reduction of the nominal value of the Certificates shall always result in:
 - (i) reduction of the amount of the Certificate Owner's claims in the event of liquidation or bankruptcy of the Issuer to the extent of the reduction of the nominal value of the Certificate;
 - (ii) reduction of the Redemption Price upon the maturity of the Certificate, if any, to the extent of the reduction of the nominal value of the Certificate;
 - (iii) reduction in the yields from the Certificates for the entire Yield Period in which the date, on which the nominal value of the Certificates was reduced, falls, as well as for subsequent Yield Periods, to the extent corresponding to the reduction of the nominal value of the Certificate,

up to any increase of the nominal value of the Certificates pursuant to Article 7.2 (*Decision to increase the nominal value*). In the event that the nominal value of the Certificates is reduced to EUR 0.01, the Certificates shall no longer be included in the additional tier 1 capital even in their remaining nominal value.

- (b) The Issuer shall submit an order to the Central Depository (or another relevant person maintaining the Register) to register the reduced nominal value of the Certificates.

6.4 No default

The reduction of the nominal value of the Certificates does not constitute any breach of the Issuer's obligations and does not entitle the Certificate Owners or other persons to file a petition for insolvency or a petition for a decision on the Issuer's liquidation. Neither the Certificate Owners, nor any other persons shall be entitled to claim any compensation for damages or to make any other claims against the Issuer or other persons in connection with the reduction of the nominal value.

7. RE-INCREASE OF THE NOMINAL VALUE OF THE CERTIFICATES

7.1 Conditions for increasing the nominal value

- (a) If the nominal value of the Certificates has been reduced, the Issuer may decide to increase the nominal value of the Certificates again, with effect from the earliest first day of the following Yield Period, subject to the following terms and conditions and in accordance with Article 21 of the CRD:
 - (i) only the Issuer's profit determined in accordance with the Issuer's unconsolidated financial statements for the accounting period approved by its general meeting after the reduction of the nominal value of the Certificates (the "**Net Profit**") may be used to increase the nominal value of the Certificates;
 - (ii) the nominal value of the Certificates shall always be increased equally (on a *pro rata* basis) for all Certificates; if other AT 1 Instruments have been issued at the level of the Issuer or at the level of the Prudential Consolidation Group, which have similar nominal value reduction provisions and which are subject to the same conditions to which such nominal value reduction is linked (Trigger Event) as the Certificates, and whose Terms and Conditions of the Certificates allow for the possibility of re-increase of their nominal value, the nominal value of the Certificates and other such AT 1 Instruments that are included in the additional tier 1 capital at the level of the Issuer or at the level of the Prudential Consolidation Group shall be increased equally (on a *pro rata* basis);
 - (iii) the sum of the aggregate amount of the increase of the nominal value of the Certificates and other AT 1 Instruments referred to under point (ii) above and their yield payable as at the next Yield Payment Date (the "**Maximum Increase Amount**") must, at the time of the decision to re-increase the nominal value of the Certificates, be equal to the maximum amount determined in accordance with the following procedure:

$$A = P \times (\text{ONV}/C)$$

where

A means the Maximum Increase Amount,

P means the Net Profit,

ONV means the original aggregate nominal value of all Certificates and other AT 1 Instruments referred to under point (ii) above before the nominal value of such instruments was reduced,

C means the amount of the Issuer's total tier 1 capital as at the date of the increase of nominal value;

(iv) an increase of the nominal value of the Certificates shall be deemed to be a transaction which reduces the common equity tier 1 capital at the level of the Issuer or at the level of the Prudential Consolidation Group, and such transaction shall not result in a breach of the rules relating to the distribution of proceeds set out for the implementation of Article 141 of CRD IV, in particular the increase of the nominal value shall not, in aggregate with the payments referred to in Section 68 of the Decree, result in exceeding the Maximum Distributable Amount.

(b) Any increase of the nominal value of the Certificates shall be made at the discretion of the Issuer (in which the Issuer is not limited in any way) and the Issuer shall not be under any obligation to make or accelerate any increase of the nominal value.

7.2 Decision to increase the nominal value

(a) The Issuer's decision on the re-increase of the nominal value of the Certificates contains:

(i) the total amount of the increase of the nominal value of all Certificates;

(ii) the amount of the re-increase of the nominal value per one Certificate;

(iii) the new amount of the nominal value per one Certificate;

(iv) the date on which the nominal value of the Certificates shall be increased again and which shall not precede the date of publication of the decision;

(v) the projected amount of the common equity tier 1 capital ratio at the level of the Issuer or at the level of the Prudential Consolidation Group after the increase of the nominal value of the Certificates.

(b) The Issuer's decision on the re-increase of the nominal value of the Certificates shall be published in accordance with the procedure set out in Article 14 (*Announcements*).

7.3 Consequences of increasing the nominal value

An increase in the nominal value of the Certificates shall always result in the following occurring on the date specified in Article 7.2(a)(iv):

(i) increase of the amount of the Certificate Owner's claims in the event of liquidation or bankruptcy of the Issuer to the extent of the increase of the nominal value of the Certificate;

(ii) increase of the Redemption Price upon the maturity of the Certificate, if any, to the extent of the increase of the nominal value of the Certificate;

(iii) increase of the yields from the Certificates for the entire Yield Period in which the date, on which the nominal value of the Certificates was increased, falls, as well as for subsequent Yield Periods, to the extent of the increase of the nominal value of the Certificate.

The Issuer shall submit an order to the Central Depository (or another relevant person maintaining the Register) to register the reduced nominal value of the Certificates.

7.4 Further conditions for increasing the nominal value

- (a) The nominal value of the Certificates may be increased repeatedly until the nominal value of the Certificates equals EUR 1,000.
- (b) The nominal value of the Certificates cannot be increased if:
 - (i) the Trigger Event occurs and is ongoing;
 - (ii) such increase (together with an increase in the nominal value of the other AT 1 Instruments referred to in Article 7.1(a)(ii)) would trigger the Trigger Event.

8. THE CNB MANDATE REGARDING THE CERTIFICATES

8.1 Recognition

- (a) By acquiring the Certificates, each Certificate Owner acknowledges and agrees that, notwithstanding any other provision of the Terms and Conditions of the Certificates, the CNB shall have the right, inter alia, to write off the Certificates (reduce their nominal value) or to convert the Certificates, in whole or in part, under the terms and conditions set out in the Capital Regulations (the "**CNB Mandate**").
- (b) As at the date of the Terms and Conditions of the Certificates, the terms and conditions of the CNB Mandate are contained in the Act on Recovery and Resolution and the directly effective (EU) regulations.

8.2 No link to the Trigger Event

For the avoidance of doubt, the CNB Mandate under the Act on Recovery and Resolution constitutes separate powers of the CNB which are independent of the existence of the Trigger Event and the other provisions of these Terms and Conditions of the Certificates.

8.3 Notification of write off and conversion

- (a) The Issuer shall notify the Certificate Owners without undue delay in accordance with the procedure set out in Article 14 (*Announcements*) if the CNB exercises the CNB Mandate.
- (b) Any delay by the Issuer in giving notice shall not affect the validity and effectiveness of the CNB Mandate.

8.4 No default

Performance of the CNB Mandate shall not, in any case, constitute a breach of the Issuer's obligations, and the Certificate Owners shall not incur any rights, whether in the event of the bankruptcy or liquidation of the Issuer, or otherwise. Neither the Certificate Owners, nor any other persons shall be entitled to claim any compensation for damages or make any other claims against the Issuer or other persons in this connection.

9. PAYMENT TERMS AND CONDITIONS

9.1 Currency of payments

The Issuer undertakes to pay the yields and repay the Redemption Price exclusively in EUR. The yield shall be paid and the Redemption Price shall be repaid to the Authorised Persons (as these are defined below) under the terms and conditions stipulated by these Terms and Conditions of the Certificates and

in accordance with any tax, foreign exchange and other relevant legislation of the Czech Republic effective at the time of the relevant payment.

9.2 Payment date

Payments of the yields from the Certificates and repayment of the Redemption Price shall be made by the Issuer on the dates specified in the Terms and Conditions of the Certificates, i.e., as applicable, on the Yield Payment Date or on the Certificates Maturity Date (each of these the "**Payment Date**").

9.3 Business day convention

If any Payment Date falls on a day which is not a Business Day, such Payment Date shall instead fall on the nearest following Business Day, and the Issuer shall not be obliged to pay interest or any other additional amounts for any such postponement as a result of the Business Day convention.

9.4 Determination of the right to receive payments from the Certificates

- (a) The Authorised Persons, to whom the Issuer shall pay the yields from the Certificates or repay the nominal value of the Certificates or the Redemption Price, shall be the persons in whose owner's account in the Central Depository or in the register of the person keeping the register related to the central register the Certificates shall be registered as at the end of the relevant Decisive Date for Payment, unless the Issuer has been proven in a convincing way, not later than 5 (five) Business Days prior to the Payment Date, that the entry in the owner's account in the Central Depository or in the register related to the central register does not correspond to the reality, and that there is another person or persons in whose owner's account in the Central Depository or in the register related to the central register the Certificates should have been registered as at the end of the relevant Decisive Date for Payment, in which case the Issuer shall pay the yields from the Certificates or repay the nominal value of the Certificates to such person or persons (the "**Authorised Persons**").
- (b) For the purposes of determining the recipient of the yields from the Certificates or the nominal value of the Certificates, the Issuer shall not take into account transfers of the Certificates recorded in the central register or a register related to the central register after the Decisive Date for Payment.
- (c) Unless contrary to applicable law, for the purpose of repayment of the nominal value of the Certificates, transfers of the Certificates may be suspended, from the day immediately following the Decisive Date for Payment until the relevant Payment Date.
- (d) If the Certificates are pledged according to the entry in the owner's account with the Central Depository, the pledgee entered in the statement of the register of the relevant Issue prepared by the Central Depository at the end of the Decisive Date of the payment shall be deemed to be the person authorised to the payment of the yields and the nominal value in respect of the relevant Certificates, unless (i) the statement of the register of the Issue makes it clear, that the person authorised to the payment of the yields from the pledged Certificates is the relevant Certificate Owner, and/or (ii) it is demonstrated to the satisfaction of the Issuer by other means that the relevant Certificate Owner is entitled to the payment in respect of the pledged Certificates pursuant to an agreement between such Certificate Owner and the pledgee.
- (e) If the Authorised Person requests payment by a representative, the Issuer shall make the payment only upon presentation of the original or a certified copy of the power of attorney, whereby the signature of the Authorised Person on the power of attorney must be officially certified, unless otherwise provided by generally binding legal regulations. Documents issued abroad must be super-legalised or apostilled, unless the relevant international treaty, to which the Czech Republic is bound, provides otherwise.

9.5 Payments execution

- (a) The Issuer shall make payments in respect of the Certificates to the Authorised Persons only by cashless transfer to their account held with a bank in a Member State of the European Union or another state forming the European Economic Area in accordance with instructions communicated by the relevant Authorised Person to the Issuer at the address of the Designated Establishment in the manner customary for such payments, at least 5 (five) Business Days prior to the Payment Date.
- (b) The instruction shall be in the form of a signed written statement with an officially certified signature or a signature verified by an authorised officer of the Issuer, and shall contain sufficient information on the aforementioned account to enable the Issuer to make payment and, in the case of legal entities, also the original or a certified copy of a valid extract from the Commercial Register in respect of the Authorised Person or from other similar register, in which the Authorised Person is registered, not older than six months, whereby the compliance of the data in such extract with the instruction shall be verified by the Issuer (instruction, extract from the Commercial Register, or other attachments if applicable, the "**Instruction**"). Originals of foreign official documents or official certification abroad must be accompanied by the appropriate higher or other verification, or the apostille pursuant to the Hague Apostille Convention.
- (c) The Instruction must comply with the Issuer's specific requirements in terms of content, form and confirmation of the authority to sign the Instruction on behalf of the Authorised Person, e.g. the Issuer is entitled to require (i) presentation of a power of attorney including an officially certified translation into the Czech language, or (ii) additional confirmation of the Instruction from the Authorised Person. Notwithstanding the foregoing, the Issuer shall not be obliged to verify the accuracy, completeness or authenticity of such Instructions and shall not be liable for any damages caused by any delay by the Authorised Person in delivering the Instruction or any inaccuracy or other defect therein. The Instruction shall be deemed to be in order if it contains all the requisites in accordance with this Article and is delivered to the Issuer at least five Business Days prior to the Payment Date.
- (d) Any documents submitted by the Authorised Persons to the Issuer in connection with payments to the Authorised Persons must be in Czech or English or translated into Czech by a certified translator, unless otherwise provided in these Terms and Conditions of the Certificates, or agreed otherwise with the consent of the Issuer. Documents issued abroad must be super-legalised or apostilled, unless the relevant international treaty, to which the Czech Republic is bound, provides otherwise.
- (e) An Instruction shall be deemed to have been duly delivered if it has been delivered to the Issuer at least 5 (five) Business Days prior to the Payment Date.
- (f) Any Authorised Person claiming a tax benefit under any applicable international double taxation treaty (to which the Czech Republic is bound) is required to deliver to the Issuer, together with the Instruction as an integral part thereof, up-to-date proof of its tax domicile as well as such other documents as the Issuer and the relevant tax authorities may request (including, in each case, the payment of the yields in question). Notwithstanding the above authorisation, the Issuer shall not verify the correctness and completeness of any such Instructions, and shall not be liable for any damage or another harm caused by any delay of the Authorised Person in the delivery of the Instruction or any incorrectness or other defects of such Instruction.
- (g) If the aforementioned documents (in particular the proof of tax domicile) are not delivered to the Issuer within the specified time limit, the Issuer shall proceed as if the documents had not been submitted to it. The Authorised Person may subsequently deliver these documents evidencing the entitlement to the tax benefit and request the Issuer for a refund of withholding tax through the Issuer.

- (h) In such case, the Issuer shall have the right to require the Authorised Person to pay a contractual penalty of EUR 1,200 for each refund request and for failure to meet the regular deadline for delivery of documents proving the entitlement to application of lower or zero withholding tax. This contractual penalty covers, on a lump sum basis, the additional costs incurred by the Issuer in connection with the refund request, additional administration, and correspondence and communication with the relevant authorities. In such case, the Issuer shall pay to the relevant Authorised Person the amount corresponding to the refunded withholding tax only after: (i) this Authorised Person has paid the contractual penalty to the Issuer pursuant to this paragraph (unless the Issuer has waived the payment thereof in the given case), and (ii) the Issuer has already received the amount in question from the relevant tax authority. Beyond the filing of a request for refund of withholding tax or any part thereof, the Issuer shall not be obliged to take any further steps or make any further submissions in this matter, to participate in any negotiations, or to enforce itself or assist in the enforcement of any claim.
- (i) The obligation of the Issuer to pay any amount due in respect of the Certificates shall be deemed to have been duly and punctually met if the relevant amount is remitted to the Authorised Person in accordance with the proper Instruction under this Article 9.5 (*Payments execution*) and if debited from the Issuer's account no later than on the relevant due date of such amount.
- (j) The Issuer shall not be liable for any delay caused by the Authorised Person, e.g. due to late submission of the Instruction. If the Authorised Person has not delivered a due Instruction to the Issuer, then the obligation of the Issuer to pay any amount due shall be deemed to have been duly and punctually met if the relevant amount is remitted to the Authorised Person in accordance with the additionally delivered due Instruction pursuant to this Article 9.5 (*Payments execution*), and provided that it is debited from the Issuer's account no later than 10 Business Days after the date on which the Issuer received the due Instruction. In such a case, the Authorised Person shall not be entitled to any yield or additional payment for the period of delay caused by the delay in sending the Instruction.
- (k) The Issuer shall also not be liable for any damage caused by (i) the failure to deliver the timely and proper Instructions or other documents or information referred to in this Article 9.5 (in particular, proof of tax domicile), or (ii) the Instructions or related documents or information having been incorrect, incomplete or false, or (iii) facts beyond the control of the Issuer. In such a case, the Authorised Person shall not be entitled to any additional payment, compensation or interest for the period of delay.

9.6 Change in the method of payments execution

The Issuer is entitled to decide to change the method of making payments, provided that the change does not adversely affect the position or interests of the Certificate Owners. The decision shall be notified to the Certificate Owners in the manner provided in Article 14 (*Announcements*). In other cases, such change shall be decided by the Meeting in accordance with Article 13 (*Change of Terms and Conditions of the Certificates*).

10. TAXATION

- (a) Unless otherwise expressly provided in this Article 10, the Issuer shall not be liable for any tax (including its payment) in respect of the Certificates, especially including any tax in connection with the acquisition, ownership, transfer or exercise of rights stemming from the Certificates.
- (b) Income from holding the Certificates paid to natural persons or legal entities that are Czech tax non-residents, or to natural persons or legal entities that are Czech tax residents, is generally subject to withholding tax levied at source (i.e. by the Issuer upon payment of the yields from the Certificates). If the income is subject to withholding tax, the Issuer is responsible for withholding tax at source.

- (c) If the acquisition, ownership, transfer or exercise of rights stemming from the Certificates is subject to any tax, the Issuer shall not be obliged to pay any amounts to the Certificate Owner as compensation as a result of such taxes.
- (d) The tax regulations of the Czech Republic and the tax regulations of the investor's Member State may have an impact on the income stemming from the Certificates.
- (e) Further information regarding taxation is set out in chapter "*Taxation*" of the Prospectus.

11. ADMINISTRATOR AND LISTING AGENT

11.1 Administrator

The activities of the administrator, i.e. the arranger of payments in connection with the Certificates, are performed by the Issuer.

11.2 Listing agent

The activities of the listing agent are performed by the Issuer.

12. MEETING OF OWNERS

12.1 Convocation and scope of the Meeting

- (a) A meeting of the Certificate Owners (the "**Meeting**") may be held if convened by the Issuer.
- (b) The authority of the Meeting is exclusively to consent to an amendment to the Terms and Conditions of the Certificates if the consent of the Meeting is required.
- (c) For the avoidance of doubt, the Issuer is not under any obligation to comply with any decision of the Meeting outside its authority, and shall not be obliged to repay the Certificates early if it acts contrary to the decision of the Meeting.
- (d) The Issuer may convene the Meeting at any time.
- (e) A Certificate Owner (alone or together with other Certificate Owners) cannot convene the Meeting.

12.2 Organisation of the Meeting

- (a) The Issuer is responsible for the organisational and technical arrangements of the Meeting and bears the costs thereof.
- (b) The Issuer is obliged to ensure that its representative attends the Meeting and provides the information necessary for the decision of the Meeting.

12.3 Notification of the Meeting convention and the Meeting cancellation

- (a) The Issuer shall give notice of the Meeting in the manner provided in Article 14 (*Announcements*) not later than 15 (fifteen) calendar days before the date of the Meeting.
- (b) The notification of the Meeting convention shall include at least:
 - (i) information necessary to uniquely identify the Issuer (i.e. the Issuer's business name, identification number (or registration number) and registered office),

- (ii) identification of the Certificate, at least in the scope of the name (short name) of the Issue, the Issue Date and ISIN or other information identifying the Certificate,
- (iii) the place, date and time of the Meeting, provided that the place of the Meeting may only be a location in Prague, the date of the Meeting must fall on a business day and the time of the Meeting must not be earlier than 11:00 a.m.,
- (iv) the agenda of the Meeting, including any proposed amendment to the Terms and Conditions of the Certificates and the reasons therefor, and
- (v) the Decisive Date for participation in the Meeting (as defined below).

12.4 Persons entitled to participate in and vote at the Meeting

- (a) Only a person that is the Certificate Owner at the end of the 7th (seventh) day preceding the relevant Meeting (the "**Decisive Date for participation in the Meeting**") shall be entitled to participate in and vote at the Meeting.
- (b) The costs associated with the Certificate Owners' attendance at the Meeting shall be borne by each Certificate Owner.

12.5 Documents for participation of the Certificate Owner at the Meeting

- (a) If the Certificate Owner attends the Meeting through a representative, the Certificate Owner's signature on the power of attorney must be officially certified.
- (b) In the case of the Certificate Owners that are legal entities, the representative of such Certificate Owner shall always provide the original or a certified copy of a valid extract from the commercial register of the Authorised Person or any other similar register in which the Authorised Person is registered, not older than six months, with the Issuer verifying the compliance of the data in such extract with the Instruction.
- (c) Any documents submitted to the Issuer in connection with the Certificate Owner's participation in the Meeting must be in Czech or English or translated into Czech by a certified translator.
- (d) Each natural person shall present an identity card.

12.6 Voting right

Each Certificate Owner has one (1) vote for each Certificate owned by it as at the Decisive Date for Participation in the Meeting.

12.7 Participation of other persons in the Meeting

Guests invited by the Issuer are entitled to attend the Meeting.

12.8 Course of the Meeting and decision-making

- (a) Matters outside the agenda

Matters not included in the proposed agenda of the Meeting can be decided at the Meeting only with the attendance and consent of all the Certificate Owners.

- (b) Quorum

The Meeting has a quorum if the Certificate Owner or the Certificate Owners are present, that are entitled, in accordance with Article 12.4 (*Persons entitled to participate in and vote at the Meeting*) of these Terms and Conditions of the Certificates, to vote, whose nominal value represents more than 30% of the total value of the Issue. Before opening of the Meeting, the Issuer shall inform about the number of all Certificates whose owners are entitled to participate in and vote at the Meeting in accordance with the Terms and Conditions of the Certificates.

(c) Chairman of the Meeting

The Meeting convened by the Issuer shall be chaired by a chairman appointed by the Issuer. The Meeting convened by a Certificate Owner or Certificate Owners shall be chaired by a chairman elected by a simple majority of the present Certificate Owners, provided that until a chairman is elected, a person designated by the convener shall chair the Meeting, and the election of the chairman must be the first item on the agenda of the Meeting not convened by the Issuer.

(d) Decision-making at the Meeting

The Meeting shall decide on any issues on its agenda by way of resolutions. A resolution is passed if it is voted in favour by a Certificate Owner or Certificate Owners holding at least $\frac{3}{4}$ (three-quarters) of the votes of all Certificate Owners present at the Meeting.

(e) Meeting minutes

The convener shall take the Meeting minutes within 30 (thirty) days of the date of the Meeting, stating the resolutions passed by such Meeting. The Issuer is obliged to keep the Meeting minutes until the rights stemming from the Certificates expire. The Meeting minutes shall be available for inspection by the Certificate Owners during the usual business hours at the Issuer's registered office. The Issuer itself or through a person authorised by it shall publish the information on the conclusions and resolutions adopted in the manner set out in Article 14 (*Announcements*).

(f) Alternate Meeting

If the Meeting is unable to hold a quorum, the convener shall convene an alternate Meeting of owners, to be held within 6 (six) weeks of the date on which the original Meeting was convened. The holding of the alternate Meeting with an unchanged agenda shall be notified to the Certificate Owners within 15 (fifteen) days of the date on which the original Meeting was convened. The alternate Meeting shall be capable of holding a quorum notwithstanding the conditions set forth in the "*Quorum*" paragraph of this Article.

13. CHANGES OF THE TERMS AND CONDITIONS OF THE CERTIFICATES

13.1 General provisions

- (a) Changes of the Terms and Conditions of the Certificates require prior approval of the Meeting (the "**Qualified Changes**") unless they are changes
- (i) directly caused by legislation amendments;
 - (ii) which do not affect the position or interests of the Certificate Owners; or
 - (iii) which the Issuer is authorised by the Terms and Conditions of the Certificates to perform (in particular pursuant to Articles 6 and 13.2)
- (b) The Issuer shall, without undue delay after any amendment to the Terms and Conditions of the Certificates, make available to investors, in the manner in which the Terms and Conditions of the

Certificates were made available, such amendment to the Terms and Conditions of the Certificates as well as the full text of the Terms and Conditions of the Certificates after the amendment performed. An Investor that has agreed to purchase or subscribe for the Certificate before the Qualified Change is made available and has not yet acquired ownership of that Certificate is entitled to withdraw from the purchase or subscription within 5 (five) business days after the change of the Terms and Conditions of the Certificates is made available.

13.2 Amendments triggered by the requirements for inclusion of the Certificates in the additional tier 1 capital

The Issuer may amend the Terms and Conditions of the Certificates without the prior consent of the Meeting if the amendments are caused by a change in legislation, a change in the interpretation of legislation or as a result of a decision of the CNB or other competent authority, and always only to the extent necessary and so that the Certificates might be included in the additional tier 1 capital at the level of the Issuer or at the level of the Prudential Consolidation Group.

14. ANNOUNCEMENTS

14.1 Notifications to the Certificate Owners

- (a) Any notification to the Certificate Owners pursuant to these Terms and Conditions of the Certificates shall be duly made if published in the Czech language on the Issuer's website, i.e. at www.jtbank.cz in section "*Important Information*".
- (b) If mandatory legal regulations stipulate a different manner for the publication of any notification according to the present Terms and Conditions of the Certificates, such a notification shall be deemed validly published upon the publication thereof in a manner required in the relevant legal regulation. In the event that some notification is published in more than one way, the date of such notification shall be the date of its first publication.

14.2 Notification to the Issuer

Any notification to the Issuer under these Terms and Conditions of the Certificates shall be duly made if delivered in the Czech language to the Issuer at the following address: Prague 8, Sokolovská 700/113a, Postal Code 186 00, or to any other address to be notified to the Certificate Owners in the manner described in this Article.

15. LIMITATION

Rights (receivables) stemming from the Certificates shall come under the statute of limitations upon the expiration of 3 (three) years of the day when they could have been exercised for the first time.

16. SET-OFF

No set-off of receivables from the Certificates against the Certificate Owner's debts to the Issuer is permitted.

17. GOVERNING LAW, LANGUAGE AND DISPUTES RESOLUTION

Rights and obligations stemming from the Certificates shall be governed by and construed in accordance with the laws of the Czech Republic. The Terms and Conditions of the Certificates may be translated into any other languages. In the event of any discrepancies between various language versions of the Terms and Conditions of the Certificates, the Czech version shall prevail.

The court competent to resolve any disputes between the Issuer and the Certificate Owners or other entities participating in the Issue in connection with the Certificates (including disputes relating to non-contractual obligations arising in connection therewith and disputes relating to their existence and validity) shall be exclusively the Municipal Court in Prague, unless in a given case no agreement on the choice of the local jurisdiction of the court is possible and the law provides for another court with local jurisdiction.

18. LANGUAGE VERSIONS

These Terms and Conditions of the Certificates are written in the Czech language. These Terms and Conditions of the Certificates may be translated into English and/or any other languages. In such a case, if any discrepancies between various language versions occur, the Czech version shall prevail.

19. DEFINITIONS AND INTERPRETATION RULES

19.1 Definitions

For the purpose of the Terms and Conditions of the Certificates, the following terms shall have the meanings set out below in addition to those already defined in the text of the Terms and Conditions of the Certificates:

"**PSE**" means **Prague Stock Exchange, joint-stock company**, Company ID No.: 471 15 629, with its registered office at Prague 1, Rybná 14, Postal Code 110 05, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number B 1773.

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Central Depository**" means the company **Central Securities Depository, joint-stock company**, Company ID No.: 250 81 489, with its registered office at Prague 1, Rybná 14, Postal Code 110 05, incorporated in the Commercial Register maintained by the Municipal Court in Prague under file number B 4308.

"**CET 1**" or "common equity tier 1" has the meaning given in Article 50 of the CRR.

"**CRD IV**" 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.

"**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.

"**CRD 5**" means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

"**CDR**" means Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing the Capital Requirements Regulation with regard to regulatory technical standards for own funds requirements for institutions (delegated capital regulation).

"**Czech National Bank**" or "**CNB**" means the Czech National Bank within the meaning of Act No. 6/1993 Coll., on the Czech National Bank.

"**EBA**" means the European Banking Authority (EBA).

EUR, euro mean the single currency of the European Union.

"**Capital Event**" means a change in the regulatory classification of the Certificates under the Capital Regulations, that would be likely to result in the Certificates being excluded from capital or reclassified as a qualitatively lower form of capital, and the following conditions are met: (i) the CNB considers such change to be reasonably certain and (ii) the Issuer demonstrates to CNB's satisfaction that the reclassification of the Certificates was not reasonably foreseeable at the time of their issuance.

"**Capital Regulations**" mean all laws of the Czech Republic and directly applicable EU legislation in force on the Issue Date in the Czech Republic in relation to capital adequacy and which are binding on the Issuer, in particular the CRR, the Decree and the Act on Recovery and Resolution.

CZK, Czech crown mean Czech crowns, the legal currency of the Czech Republic;

"**Insolvency Act**" means Act No. 182/2006 Sb., on insolvency and methods of its resolution (the Insolvency Act).

"**CET1 Instruments**" have the meaning set out in the Capital Regulations.

"**AT1 Instruments**" have the meaning set out in the Capital Regulations.

"**Tier 2 Instruments (T2)**" have the meaning set out in the Capital Regulations.

"**Business Day**" means any day (excluding Saturdays and Sundays) on which banks in the Czech Republic are open and settlements of foreign exchange transactions and interbank payments are made in Czech crowns or in any other legal currency of the Czech Republic that would replace the Czech crown.

"**Relevant Yield Distribution**" means:

- (i) payment of yields from the Certificates made or scheduled to be made by the Issuer in the Issuer's current accounting period; and
- (ii) payment of yields from other CET1 Instruments or other AT1 Instruments made or scheduled to be made by the Issuer in the Issuer's current accounting period.

"**Regulated Market of the PSE**" means the European regulated market operated by the PSE in accordance with Section 55 et seq. of the Capital Market Business Act.

"**Decisive Date for Payment**" means the day that is 30 days prior to the applicable Payment Date, provided, however, that for purposes of determining the Decisive Date for Payment, the applicable Payment Date shall not be postponed in accordance with the Business Day convention.

"**Administrative Action**" means any judicial decision, administrative decision or procedure of an administrative authority which has an effect on taxation.

"**Decree**" means Decree No. 163/2014 Coll., on the performance of the activities of banks, credit unions and investment firms.

"**Act on Banks**" means Act No. 21/1992 Coll., on Banks.

"**Act on Recovery and Resolution**" means Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market, as amended.

"Tax Law Change" means:

- (a) any amendment, clarification or supplement to the laws or international treaties (or any regulations promulgated thereunder) of the Czech Republic or any political subdivision or fiscal (tax) authority of such state which affects taxation;
- (b) any Administrative Action; or
- (c) any amendment, clarification or supplement to the official position or interpretation of such Administrative Action or any interpretation or statement implying a position with respect to such Administrative Action that differs from the generally accepted position (in each case) by any legislative body, court, governmental authority or regulatory body, regardless of the manner in which such change, clarification or modification is announced, so long as it is effective or announced on or after the Issue Date and such amendment, clarification or modification changes the applicable tax treatment of the Certificates.

For the avoidance of doubt, changes in the CNB's assessment of tax implications are not considered to be the Tax Law Change.

"Capital Market Business Act" means Act No. 256/2004 Coll., on capital market business.

19.2 Interpretation rules

- (a) Unless the contrary intention is apparent, in the Terms and Conditions of the Certificates, a reference to:
 - (i) the time of day is a reference to the time in the capital city of Prague;
 - (ii) an article, paragraph, letter, point or annex is a reference to an article, paragraph, letter, point or annex of the Terms and Conditions of the Certificates;
 - (iii) the relevant document and legislation is a reference to such document or legislation as supplemented and amended;
 - (iv) a permit or consent includes permission, consent, approval, licence, concession, authorisation, provision of an exemption, consent statement, official verification, registration or other authorisation, whether private law (including corporate law) or public law;
 - (v) a legal regulation includes any Czech legal regulation and directly applicable European Union legal regulation, and any other generally binding regulation (in particular a decree or regulation);
 - (vi) a person includes a natural person (individual), business company, other types of legal entities, an association or institution without legal personality, budget and contributory organisation, and any other entity, regardless of its legal capacity or personality;
 - (vii) a person includes its legal successor (even in relation to an individual case);
 - (viii) a provision of a legal regulation is a reference to this provision as applied in an effective version and potentially to a provision which has replaced it, also including implementing regulations;
 - (ix) the nominal value of the Certificate means a reference to the current nominal value of the Certificate as adjusted (reduced or increased) in accordance with these Terms and Conditions of the Certificates.
- (b) Unless a contrary intention is evident:

- (i) the conjunctions "or" and "whether" are used in the Terms and Conditions of the Certificates in conjunctive sense;
 - (ii) where a term so defined is defined by enumeration, the defined term means, depending on the context in which it is used, any enumerated item separately, or all or some of them together; and
 - (iii) the terms defined in this Terms and Conditions of the Certificates in plural shall have the same meaning in the singular, and vice versa.
- (c) The headings in the Terms and Conditions of the Certificates are for ease of reference only and do not affect their interpretation.
- (d) These Terms and Conditions of the Certificates must be interpreted in light of the fact that none of their provisions may prevent the Issuer or J&T FINANCE GROUP from recapitalising.

INFORMATION ABOUT THE ISSUER

Basic information about the Issuer

Legal name and commercial name of the Issuer

The Issuer of the Certificates is J&T BANKA, a.s.

Place of registration, registration number and identification code (LEI)

The Issuer is incorporated in the Commercial Register maintained by the Municipal Court in Prague, file number C 1731. The Issuer's identification number (Company ID No.) is 47115378, the Issuer's identification code (LEI) is 3157001000000043842.

Date of incorporation and length of life of the Issuer

The Issuer was established on 31 August 1992, for an indefinite period of time, and was incorporated by registration in the Commercial Register on 13 October 1992.

Registered office, legal form, legislation, country of establishment, address and telephone number, website

The Issuer has its registered office in Prague, at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic.

The Issuer has the legal form of a joint-stock company under Czech law.

The Issuer is a bank within the meaning of the Act on Banks, which is subject to the supervision of the Czech National Bank.

The Issuer is governed by the legal system of the Czech Republic, in particular by the following legal regulations: Act No. 89/2012 Coll., the Civil Code, Act No. 90/2012 Coll., on Business Companies and Cooperatives, the Act on Banks, Czech National Bank Decree No. 163/2014 Coll, on the performance of the activities of banks, credit unions and investment firms (the “**Prudential Decree**”), Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, Act No. 563/1991 Coll., on Accounting, Act No. 256/2004 Coll., on Capital Market Business.

Tel: +420 221 710 111, e-mail: info@jtbank.cz, website: www.jtbank.cz

Notice: If the Prospectus contains hyperlinks to websites, other than hyperlinks to information incorporated by reference, the information stated on the websites is not part of the Prospectus and has not been reviewed or approved by the Czech National Bank.

BUSINESS OVERVIEW OF THE ISSUER

Principal Activities

Principal categories of products and services

Description of the nature of the business and principal activities

The Issuer is a bank under the relevant provisions of the Act on Banks. In accordance with the valid banking licence, the Issuer's principal activities include the following:

- Acceptance of deposits from the public
- Granting of loans
- Investing in securities on its own account
- Financial leasing
- Payments and clearing
- Issuance and administration of payment instruments
- Provision of guarantees
- Opening of letters of credit
- Collection services
- Provision of selected core investment services under the Capital Market Business Act
- Provision of selected additional investment services under the Capital Market Business Act
- Financial brokerage
- Depositary functions
- Foreign exchange services (foreign currency purchase)
- Provision of banking information
- Trading, on own or the clients' account, in foreign exchange values and gold, within the scope:
 - Trading, on own or the clients' account, in funds in foreign currency
 - Trading on own account in foreign securities
 - Trading on own account in monetary rights and obligations derived from the above foreign exchange values
 - Trading on own account or on the clients' account in gold
- Rental of safe-deposit boxes
- Activities directly associated with the activities listed in the Issuer's banking licence

Principal categories of services provided

Services

The Issuer strategically focuses on clients and services requiring a significant degree of individual approach. It provides all services as a single unit, where it is able to prepare superior products for its clients according to individual requirements and needs with an emphasis on flexibility and speed of solution. The Issuer's significant competitive advantage lies in its ability to combine its services into a fully integrated whole, from structuring the transaction, through its financing, corporate advisory, to asset management and appreciation, whether in the Czech Republic, Slovakia, or through its subsidiaries or the J&T Group in Cyprus, the Russian Federation or Croatia. The principal categories of services provided by the Issuer include:

Private banking services

Asset management, protection and appreciation (including deposit products, J&T mutual funds, client shares in J&T Group's private equity investments, asset management), Family office services (securing, protecting and developing family assets).

Corporate banking services

Project financing, risk assessment, transaction structuring, funding, restructuring, refinancing and specialised financing. Provision of both long-term and short-term financing, structured financing. Corporate finance services (project and other financing, valuation, restructuring).

Investment banking services

Comprehensive services and advisory in ensuring debt financing (bonds, loan clubs, private placements, bill of exchange programmes), equity financing – initial public offering (IPO), secondary offering (SPO), private placement, mergers and acquisitions advisory.

Products

The Issuer provides the following types of products:

Accounts

The Issuer provides current, deposit and term bank accounts.

Safe-deposit boxes

The Issuer rents safe-deposit boxes and allows clients to access outside official opening hours. In addition to safe-deposit boxes, the Issuer provides clients with the possibility to store valuable items directly in the bank vault.

Mastercard payment cards

The Issuer issues cards through the Mastercard card association.

- The Issuer issues these cards to natural persons in programmes: Mastercard Silver, Mastercard Gold, MasterCard World Elite and Mastercard Virtual Card
- The Issuer issues these cards to corporate clients in programmes: Mastercard Business, Mastercard BusinessGold and Virtual Card
- Additional services to Mastercard payment cards (membership in the PRIORITY PASS travel and golf insurance programme of J&T)

Funds

The Issuer, through its partner companies, offers its clients investment in funds of J&T INVESTIČNÍ SPOLEČNOST, a.s. and funds of other managers.

Bill of exchange programmes and bond offerings

The offer of bills of exchange and bonds broadens the range of investment opportunities offered by the Issuer to its clients. The issuer arranges for communication as well as proper administration – the issuance and subsequent handling of the bill of exchange or bond, including physical custody, calculation of the yield and payment of the final amount.

Structuring of assets

Working in synergy with the entire J&T Group, our team of specialists helps successful individuals, families and companies structure their assets. Through its own companies or in cooperation with carefully selected partners, it prepares “tailor-made” solutions in compliance with national and international laws, based on its own long-term experience in this field.

Individual portfolio management

Portfolio management is a suitable product for a client that prefers a more passive approach for whatever reason,

does not want to decide on the final allocation of assets and their changes, has a sufficiently long time horizon and is able to define the investment objectives to be achieved through the management. The client grants the manager a mandate, on the basis of which the manager manages the entrusted investment funds in accordance with the agreed parameters.

Financing

The Issuer finances business activities of private clients and their projects mainly in real estate, corporate acquisitions, restructurings and debt trading in markets where the Issuer has business experience. The main competitive advantage is the ability to quickly assess even unusual and complex projects. Within the cooperation with clients, the Issuer provides advisory on restructuring or refinancing of liabilities. The Issuer provides mainly the following products:

- Project financing
- Bridge financing
- Syndicated loans
- Short-term operating financing
- Securities financing and bills of exchange financing
- Bonds issues
- Treasury products

Trading on financial markets

Complete advisory services for trading and investing in financial markets, economic research and analyses, brokerage services, hedging and settlement of transactions.

Launch of significant new services

During the period covered by the historical financial information in this Prospectus, no significant new products or services have been launched by the Issuer (or any other member of the Group).

Principal markets

Description of the principal markets in which the Issuer competes

The Issuer operates mainly in the Czech Republic and the Slovak Republic, in the banking and financial markets. In the banking sector, the Issuer focuses on private, corporate and investment banking and competes in the loan fund markets for client deposits and the ability to provide funding in the form of loans and credits, and in the wealth management sector it competes for the ability to manage client assets. On the financial markets, the Issuer itself trades and arranges purchases and sales of publicly traded investment instruments for its clients.

Business and geographical segments

The Issuer distinguishes between business and geographical segments in its reporting.

(a) Business segments

IFRS 8 requires operating segments to be identified on the basis of internal reporting on the Issuer's business units, which are regularly reviewed by the Board of Directors and allow for appropriate resource allocation and performance evaluation. The segment analysis is the basis for the management's control activities and strategic and operational decision-making.

The Issuer monitors the consolidated group through the individual companies, therefore the segmentation is based on the focus of the individual companies. The Issuer's management receives information that enables it to assess the performance of each segment.

The Issuer's Group has the following segments by which it reports in accordance with IFRS 8:

- banking;
 - broken down by country;
- asset management;
- real estates;
- other.

Within the operating segment analysis, assets and liabilities are allocated to individual segments. Segment profits represent the pre-tax profits earned by the segment.

The table below shows the breakdown of revenue by business segment.

2021	Total (mil CZK)	out of which	Banking CR	Banking SR	Banking RU	Banking HR	Asset management	Real estate	Other
Net interest income	4 465		4 055	(114)	287	84	89	(13)	77
Net fee and commission income	1 605		931	135	10	4	525	-	-
Net trading income	(127)		(23)	2	(19)	10	7	(6)	(98)
Other operating income	207		(83)	1	27	19	(5)	180	68
Operating income	6 150		4 880	24	305	116	616	161	47
Profit before tax	3 303		2 463	(293)	83	13	417	709	(89)
Asset segment	203 251		182 071	4 709	5 942	2 652	1 759	4 532	1 586
Liability segment	177 028		142 309	26 341	3 872	2 012	89	2 256	149

2020	Total (mil CZK)	out of which	Banking CR	Banking SR	Banking RU	Banking HR	Asset management	Real estate	Other
Net interest income	3 674		3 301	(111)	256	68	94	12	54
Net fee and commission income	1 203		755	105	17	7	319	-	-
Net trading income	890		714	6	152	11	-	(10)	17
Other operating income	139		8	2	19	9	-	19	82
Operating income	5 906		4 778	2	444	95	413	21	153
Profit before tax	2 002		1 993	(557)	184	(52)	281	148	5
Asset segment	175 037		156 271	2 080	5 551	3 522	2 232	4 092	1 289
Liability segment	152 500		119 142	24 655	3 469	3 088	575	1 502	69

Source: Consolidated annual report of the Issuer 2021

Note: Values in tables may not agree with totals due to rounding.

The banking segments in the Czech Republic, Slovakia, Russia and Croatia represent the main sources of net interest income. In the last two years, more than 96.2% of total net interest income came from the banking segment, with the Czech banking segment accounting for the largest share by country (almost 90.8% of total interest income in 2021). The share of interest income generated in the banking segment in total net interest income remained at approximately the same level in both 2021 and 2020. The Czech banking segment is also the main source of net fee and commission income (almost 58% in 2021) and other operating income.

(b) Geographical segments

Within the geographical segments, revenue is reported by the country in which the customer is based and assets/liabilities are reported by the geographical location of those assets/liabilities. The table below shows the breakdown of revenue by geographical segment.⁵

⁵ In the case of the geographical segmentation of the income statement, the segments for operating costs are strictly based on the country of the counterparty, and no management allocation of costs is made depending on the segmentation of revenues.

Statement of comprehensive income for the year ended 31 December 2021:

2021	Total (mil CZK)	Out of which	Czech Republic	Slovakia	Other EU countries	Other countries
Net interest income	4 465		1 167	310	2 304	684
Net fee and commission income	1 605		941	203	437	24
Net trading income	(133)		653	414	(321)	(879)
Other operating income	207		87	27	58	35
Operating income	6 150		2 839	990	2 459	(138)
Total costs	(2 923)		(2 035)	(479)	(149)	(260)
Other	76		357	(595)	349	(35)
Profit before tax	3 303		1 161	(84)	2 659	(433)

Statement of comprehensive income for the year ended 31 December 2020:

2020	Total (mil CZK)	Out of which	Czech Republic	Slovakia	Other EU countries	Other countries
Net interest income	3 674		1 022	256	1 785	611
Net fee and commission income	1 203		662	172	333	36
Net trading income	985		428	530	202	(175)
Other operating income	139		60	13	28	38
Operating income	5 906		2 157	889	2 349	511
Total costs	(2 928)		(2 038)	(467)	(143)	(280)
Other	(976)		(28)	(445)	(404)	(99)
Profit before tax	2 002		91	(23)	1 802	132

Source: Consolidated annual report of the Issuer 2021

Note: Values in tables may not agree with totals due to rounding.

The main part of the Issuer's business activities is concentrated in the countries of the European Union. In 2021, the share of EU countries in total net interest income, net fee income and total operating income was 88.3%, 84.7% and 98.5% respectively. In 2021, the Issuer reported net interest income in the total amount of CZK 4.47 billion. Net fee and commission income amounted to CZK 1.61 billion in 2021, 58.6% of which was generated in the Czech Republic and 39.9% in other EU countries.

Other operating income includes trading profit and the Czech Republic segment includes foreign exchange differences stemming from translation of foreign currencies on balance sheet positions. The Other EU countries segment recognises profits/losses on currency derivatives.

Important events in the Issuer's development

The activities of the Issuer were commenced on 13 October 1992 under the then business name (firm) Podnikatelská banka, a.s. In 1998, when 100% of the ownership share was acquired, Podnikatelská banka, a.s. became part of the J&T Group. Other important milestones in terms of the Issuer's activities include especially:

- 2003 Extension of the banking licence to include the investment firm licence
- 2005 Establishment of an organisation unit in Slovakia
- 2006 Opening of a branch in Slovakia (Bratislava)
- 2009 Entry into the market of deposit products for clients in the lower segment from CZK 500 thousand and above
- 2011 Acquisition of companies ATLANTIK finanční trhy, a.s.; J&T IB and Capital Markets, a.s.; J&T INVESTIČNÍ SPOLEČNOST, a.s.
- 2011 Sale of BEA Development.
- 2011 Capital strengthening of the Issuer, the Issuer's share capital increased in several tranches by a total amount of CZK 1,520,000,000. Acquisition of 100% share in the Russian bank Tretij Rim ZAO, which was renamed to J&T Bank, zao, contribution of J&T Bank, zao to the Issuer's share capital.
- 2013 On 8 February 2013, the Issuer purchased 99% of the share capital of TERCES MANAGEMENT LTD, a company registered in the Republic of Cyprus. Through this acquisition, the Issuer acquired control of Interznanie OAO, a company registered in the Russian Federation, which is a subsidiary of TERCES MANAGEMENT LTD.

- 2013 As of 1 July 2013, the Issuer completed the acquisition of a 36.36% share in Poštová banka, a.s.
- 2013 As of 21 December 2013, the Issuer's share capital was increased by CZK 5.7 billion from CZK 3,858,127,000 to CZK 9,558,127,000, by subscription of new shares by an existing shareholder.
- 2014 On 27 February 2014, the Group increased the share capital of J&T REALITY, o.p.f. by EUR 8 million. After this increase, the Group's share of the Company's share capital is 53.08%. The Group fully controls the company through its subsidiary J&T INVESTIČNÍ SPOLEČNOST, a.s., which manages this fund.
- 2014 On 9 June 2014, the Issuer's Group acquired a 58.33% share in Vaba d.d. banka Varaždin, a company registered in Croatia, with identification number 0675539, incorporated on 29 April 1994.
- 2014 In July 2014, the Issuer's Group increased its share in Poštová banka, a.s., when on 4 July 2014 the Issuer's Group subscribed for 19,706 new ordinary shares with a total nominal value of EUR 21,814,542 and on 11 July 2014 the Issuer's Group subscribed for 2,673 new ordinary shares with a total nominal value of EUR 2,959,011. The Issuer increased its share in Poštová banka, a.s. (a company under significant influence) by 0.81% from 36.36% to 37.17%.
- 2014 On 30 September 2014, J&T Group acquired 100% share in J&T Cafe, s.r.o.
- 2014 On 13 November 2014, the Issuer acquired 38.46% share in ART FOND – Central European Fund of Contemporary Art, joint-stock company. According to the provisions of the shareholders' agreement, the Issuer's Group exercises decisive influence in this company.
- 2014 In the last quarter of 2014, the companies FOND DLHODOBÝCH VÝNOSOV o.p.f. and NÁŠ DRUHÝ REALITNÝ o.p.f. sold all their underlying assets / shares in FORESPO Group companies.
- 2015 In 2015, the J&T Group increased its ownership interest in Vaba d.d. banka Varaždin. On 5 February 2015, it subscribed for 3,750,000 new ordinary shares with a total nominal value of HRK 37.5 million and on 28 September 2015 it subscribed for 6,500,000 new ordinary shares with a total nominal value of HRK 65 million.
- 2015 On 4 February 2015, the share (53.46%) in the company NÁŠ DRUHÝ REALITNÝ o.p.f. was sold from the company Poštová banka, a.s. The indirect share, that affected the Issuer's consolidation, was 19.87%.
- 2015 On 16 February 2015, the Issuer's subsidiary J&T Bank, zao (a bank doing business in the Russian Federation) changed its business name to J&T Bank, a.o.
- 2015 On 18 February 2015, the share (50.19%) in the company FOND DLHODOBÝCH VÝNOSOV o.p.f. was sold from the company Poštová banka, a.s. The indirect share, that affected the Issuer's consolidation, was 18.65%.
- 2015 On 24 February 2015, the Issuer concluded an agreement with J&T FINANCE GROUP SE on the sale of shares of Poštová banka, a.s., pursuant to which 10,473 book-entry ordinary shares with a nominal value of EUR 1,107 per share were transferred, representing a 3.17% share. The Issuer thus reduced its share in Poštová banka, a.s. from 37.17% to 34.00%.
- 2015 In 2015, the J&T Group sold 50% of its equity interest in Interznanie, a subsidiary directly owned by TERCES company, to J&T Bank, a.o. This transaction had no impact on the consolidated financial statements.

- 2015 On 25 February 2015, the Issuer concluded an agreement with PBI, a.s. on the sale of 34% of shares of Poštová banka, a.s., pursuant to which 112,506 book-entry ordinary shares with a nominal value of EUR 1,107 per share were transferred.
- 2015 On 20 May 2015, the J&T Group of the Issuer increased its ownership interest in J&T Bank, a.o. by subscribing for 112,000,000 new ordinary shares with a total nominal value of RUB 5.6 million.
- 2015 From the Issuer's point of view, another significant event in 2015 was the entry of CEFC Group into J&T FINANCE GROUP SE, whereby during the latest increase in the share capital of J&T FINANCE GROUP SE (which was entered in the Commercial Register on 20 April 2015), CEFC Shanghai acquired shares of J&T FINANCE GROUP SE with a total nominal value of CZK 851,500,000, representing 5% share in J&T FINANCE GROUP SE.
- 2015 On 16 July 2015, the Issuer increased its share in PGJT B.V. by a contribution to capital funds in the amount of RUB 30 million.
- 2015 In September 2015, an agreement was signed, based on which, the CEFC Group increased its share in J&T FINANCE GROUP SE, through CEFC Hainan, to 9.9%, by increasing the share capital of J&T FINANCE GROUP SE. In addition, there were agreements with the CEFC Group under which, under certain conditions, the CEFC Group's share in J&T FINANCE GROUP SE could be further increased up to a total of 30% (based on the agreements of March 2016, this share was to be increased up to 50%).
- 2015 In September 2015, an agreement was signed, based on which CEFC Shanghai was to acquire a 50% share in J&T Bank, a.o., therefore half of the share held by the Group was recognised as an asset held for sale. In 2016, the Group changed its intention to sell its share in J&T Bank, a.o. and decided to retain its current share in the company.
- 2016 J&T Cafe, s.r.o. was liquidated in 2016.
- 2016 In February 2016, the Issuer's Group sold its share in ART FOND – Central European Fund of Contemporary Art, joint-stock company.
- 2016 In July 2016, the Group increased its share in PGJT B.V. by a contribution to capital funds in the amount of RUB 107 million.
- 2016 In 2016, the Issuer's Group increased its ownership interest in Vaba d.d. banka Varaždin. In July 2016, it subscribed for 7,600,000 new ordinary shares with a total nominal value of HRK 76 million.
- 2017 On 1 January 2017, the subsidiary Vaba d.d. banka Varaždin changed its name to J&T banka d.d.
- 2017 In February 2017, the Issuer's Group purchased 100% share in J&T Leasingová společnost, a.s. for a total nominal value of CZK 30 million and 4,600,000 ordinary shares. The purpose of this acquisition was to expand the activities by providing leasing services.
- 2017 In July 2017, the Issuer's Group sold its share in PGJT B.V.
- 2017 In October 2017, J&T Bank, a.o. purchased AKB "Khovanskiy" a.o. from its original owners at a discount, in order to optimise and expand its business. The purchase cost of CZK 335 million resulted in a bargain purchase gain of CZK 85 million recognised in the financial statements.
- 2018 In March 2018, the process of CEFC's entry (share increase) into J&T FINANCE GROUP SE was stopped. In May 2018, Rainbow Wisdom Investment Limited, a company controlled by Chinese CITIC Group Corporation, took over the CEFC Group's 9.9% share in J&T FINANCE GROUP SE.

- 2018 In April 2018, the Group increased its share in J&T banka d.d. to 84.17% through the purchase of its own shares by J&T banka d.d.
- 2018 In December 2018, the Group increased its share in J&T Leasingová společnost, a.s. in a total nominal value of CZK 110 million in the form of a contribution outside share capital.
- 2018 With effect from 31 December 2018, the reference currency of the J&T REALITY, o.p.f. fund changed from EUR to CZK. In this context, the nominal value of the share certificates was changed from EUR 1.00 to CZK 26.00 and the conversion of the shareholding from EUR to CZK.
- 2019 In April 2019, the Issuer's Group acquired 100% share in Colorizo Investment, a.s., which purchased 50% share in OSTRAVA AIRPORT MULTIMODAL PARK s.r.o.
- 2019 In September 2019, the Issuer's Group increased its share in J&T Leasingová společnost, a.s. in a total nominal value of CZK 40 million in the form of a contribution outside share capital.
- 2019 In October 2019, the Issuer's Group purchased 100% share in Moskovsky Neftechimiceskiy Bank.
- 2019 In October 2019, the Issuer's Group purchased 100% share in ALTERNATIVE UPRAVLJANJE d.o.o., increasing its ownership interest in J&T banka d.d. to 96.03%.
- 2020 In January 2020, the Issuer's Group acquired 50% share in CI Joint Venture s.r.o., which acquired 100% share in Logistics Park Nošovice a.s. on the same date.
- 2020 In March 2020, 100% share of Moskovsky Neftechimiceskiy Bank was merged into J&T Bank, a.o.
- 2020 In June 2020, the Group increased its contribution in capital in J&T Leasingová společnost, a.s. in a total nominal value of CZK 110 million in the form of a contribution outside share capital.
- 2020 In the second half of 2020, the Group introduced a new fund, J&T INVESTMENTS SICAV.
- 2020 In September 2020, the Issuer changed its registered office to Sokolovská 700/113a, 186 00 Prague 8. At the same time, the method of registration of the business name of J&T BANKA, a.s., Prague was changed from "J & T BANKA, a.s." to "J&T BANKA, a.s.".
- 2020 In December 2020, the Group purchased 100% share in Rustonka Development II s.r.o. This company is the owner of the Rustonka building in which the Issuer's Group has had its registered office since 14 September 2020.
- 2020 In 2020, the Group moved its share in J&T VENTURES I u.p.f. from the portfolio of financial assets mandatorily at fair value through profit and loss to equity due to the evaluation of control over the fund.
- 2021 In February 2021, JTFG Fund I SICAV fund, and companies J&T Global Finance XII., s.r.o. and J&T Credit Participation, s.r.o. were established. In March 2021, Wine Resort Pouzdřany, s.r.o. was established and in April 2021, J&T SME Finance s.r.o. was established.
- 2021 In July 2021, J&T ALLIANCE SICAV, a.s. fund was established.
- 2021 In July 2021, 100% share in Logistics Park Nošovice a.s. was sold by CI Joint Venture s.r.o., in which the Issuer's Group holds 50% share. At the same time, an agreement was concluded regarding the sale of OAMP Hall 3 s.r.o., which was expected to take place after certain conditions were met by the end of 2021.
- 2021 On 28 May 2021, the Group purchased 100% share in Leasing-Medicine Ltd under J&T Bank, a.o.

- 2021 On 19 July 2021, a share in Logistics Park Nošovice a.s. was sold.
- 2021 On 8 December 2021, the Group acquired 75% share in Industrial Center CR 11 s.r.o.
- 2021 During 2021, OSTRAVA AIRPORT MUTIMODAL PARK, s.r.o. was replaced by companies OAMP Distribution, s.r.o, OAMP Infrastructure, s.ro., OAMP Holding s.r.o and OAMP Hall 1 to 6, s.r.o. In December 2021, OAMP Hall 1 s.r.o. and OAMP Hall 3, s.r.o. were sold.
- 2022 In January 2022, J&T BANKA acquired 95.24% equity interest in J&T ORBIT SICAV, a.s.
- 2022 In April 2022, J&T IB and Capital Markets, a.s. established FVE Holding s.r.o., which subsequently acquired 100% equity interest in companies FVE Čejkovice s.r.o., FVE Napajedla s.r.o., FVE Němčice s.r.o., FVE Slušovice s.r.o. and FVE Recycle, s.r.o.
- 2022 In April 2022, OAMP Holding s.r.o., in which the Group has 50% share, sold 100% share in OAMP Hall 4 s.r.o. and entered into an agreement to sell 100% share in OAMP Hall 2 s.r.o.
- 2022 In April and May 2022, the share capital of J&T banka d.d. was increased to HRK 327,085,400 and in April 2022 the Group also acquired 283,944 shares of J&T banka d.d. The Group thus now owns 97.15% share in J&T banka d.d.

Strategy and objectives

The Issuer's objective is to connect clients' capital and market opportunities through appropriate products and services. The main pillars are:

- investment banking – maintaining its position as a market leader in bond issues,
- asset management – increasing the share of private equity investments,
- corporate banking, the ability to lend and grow also with clients whose specificity is seen as a disadvantage elsewhere.

At a time of ever more rapidly changing trends across the economy, the Issuer recognises that it is critical to the future success of the Issuer's Group to retain the core values on which the Issuer Group's success has historically been built. These are values such as ambitiousness, partnership and courage. The Issuer works hard to maintain and develop this corporate culture and values even as it increases the number of employees and expands the Issuer Group's areas of operation over the long term.

Dependence on patents, licences

The Issuer does not conduct any research and development to any relevant extent.

It is crucial for the Issuer to continue to have the relevant public-law permits, in particular banking licences. If the Issuer were to lose the licence (e.g. as a result of a decision of the relevant supervisory authority), this would have a materially negative impact on the Issuer's business and market position.

Issuer's declaration on its competitive position

Due to the low availability of data to determine the Issuer's competitive position in private banking, corporate investment banking and asset management, market shares in the banking industry as a whole and in financial market trading are presented.

(a) Banking

As at 31 December 2021, the Issuer received deposits from clients in the amount of CZK 154.3 billion, loans to clients amounted to CZK 93.2 billion, total deposits from clients amounted to CZK 5,502.3 billion⁶ in the banking sector as at 31 December 2021, and loans to clients amounted to CZK 3,847.8 billion⁷. The Issuer's market share of deposits received and loans granted is therefore 2.80% and 2.42% respectively.

(b) Financial markets

The Issuer's annual trading volume on the PSE in 2021 was CZK 13.6 billion in equities and CZK 14.2 billion in bonds⁸. With the total trading volume of the PSE members in 2021 reaching CZK 281.0 billion in equities and CZK 15.5 billion in bonds, the Issuer's share in 2021 was 4.9% in equities and 91.6% in bonds.

Investments

Description of substantial investments

In April 2019, the Issuer's Group acquired Bankhaus Erbe a.o., a private bank operating in Moscow, and subsequently this bank was merged with J&T Bank, a.o.

In April 2019, the Issuer's Group acquired 50% share in OSTRAVA AIRPORT MULTIMODAL PARK s.r.o. for CZK 530,000 thousand. The payment for part of the purchase price is subject to the fulfilment of certain conditions. The company owns a logistics centre near Ostrava International Airport.

In October 2019, J&T Bank, a.o. acquired 100% share in Moskovsky Neftechimiceskiy Bank, which was, in March 2020, merged into J&T Bank, a.o.

In October 2019, the Issuer's Group increased the capital contribution in J&T Leasingová společnost, a.s. in the total nominal value of CZK 40 million in the form of a contribution outside the share capital, and in June 2020 a further increase in the total nominal value of CZK 110 million was made in the form of a contribution outside the share capital.

In October 2019, the Issuer's Group purchased 100% share in ALTERNATIVE UPRAVLJANJE d.o.o. This subsidiary owns only a minority share in J&T banka d.d., which increased the ownership interest in J&T banka d.d. to 96.03%.

In January 2020, the Issuer's Group acquired 50% share in CI Joint Venture s.r.o., which purchased 100% share in Logistics Park Nošovice a.s. on the same date.

In December 2020, the Issuer's Group purchased 100% share in Rustonka Development II s.r.o. This company is the owner of the Rustonka building, in which the Group has had its registered office since 14 September 2020.

In May 2021, the Issuer's Group purchased 100% share in Leasing-Medicine Ltd under J&T Bank, a.o.

In June 2021, the Issuer's Group increased its contribution in capital in J&T Leasingová společnost, a.s. in a total nominal value of CZK 110 million in the form of a contribution outside the share capital.

In January 2022, the Issuer's Group acquired 95.24% ownership interest in J&T ORBIT SICAV, a.s.

⁶https://www.cnb.cz/cnb/STAT.ARADY_PKG.VYSTUP?p_period=12&p_sort=2&p_des=50&p_sestuid=53337&p_uka=1%2C2%2C3%2C4%2C5%2C6%2C7%2C8%2C9%2C10%2C11%2C12%2C13%2C14&p_strid=AABAB&p_od=201901&p_do=202203&p_lang=CS&p_format=0&p_decsep=%2C

⁷https://www.cnb.cz/cnb/STAT.ARADY_PKG.VYSTUP?p_period=12&p_sort=2&p_des=50&p_sestuid=57210&p_uka=1%2C2%2C3%2C4%2C5%2C6%2C7%2C8%2C9%2C10%2C11%2C12&p_strid=AABAA&p_od=201901&p_do=202203&p_lang=CS&p_format=0&p_decsep=%2C

⁸ Source: Prague Stock Exchange, joint-stock company, http://ftp.pse.cz/Info.bas/Statistiky/Rocni_udaje/key_data.pdf.

In April 2022, J&T IB and Capital Markets, a.s. established FVE Holding s.r.o., which subsequently acquired 100% ownership interest in companies FVE Čejkovice s.r.o., FVE Napajedla s.r.o., FVE Němčice s.r.o., FVE Slušovice s.r.o. and FVE Recycle, s.r.o.

Acquisitions of subsidiaries, associates and joint ventures, contributions to subsidiaries' capital in 2021

in mil CZK	Date of acquisition	Acquisition cost	Contribution to capital	Cash outflow
J&T Leasingová společnost, a.s.	23.07.2021	-	110	-
Leasing-Medicine Ltd	28.05.2021	27	-	27
Total		27	110	27

Acquisitions of subsidiaries, associates and joint ventures, contributions to subsidiaries' capital in 2020

v mil. Kč	Date of acquisition	Acquisition cost	Contribution to capital	Cash outflow
J&T Leasingová společnost, a.s.	15.06.2020	-	110	-
Rustonka Development II s.r.o.	18.12.2020	986	-	986
Total		986	110	986

Acquisitions of subsidiaries, associates and joint ventures, contributions to subsidiaries' capital in 2019

v mil. Kč	Date of acquisition	Acquisition cost	Contribution to capital	Cash outflow
J&T Leasingová společnost, a.s.	26.09.2019	-	40	-
Moskovskij Neftechimiceskij Bank	02.10.2019	197	-	197
ALTERNATIVE UPRAVLJANJE d.o.o.	14.10.2019	50	-	50
Total		247	40	247

Source: Consolidated annual report of the Issuer 2021, 2020 and 2019

Formation/establishment of subsidiaries and joint ventures in 2021

in mil CZK	Date of acquisition	Acquisition cost	Contribution to capital	Cash outflow
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol. a.s.	21.06.2021	4	-	-
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol. a.s.	29.09.2021	3	-	-
Total		7	-	-

Source: Consolidated annual report of the Issuer 2021

Substantial investments to which the Issuer has committed

As at the Prospectus Date, the Issuer has not firmly committed to any substantial investment that is not described in this Prospectus.

Details of joint ventures

The Issuer is not aware of any joint ventures or undertakings in which it holds equity interests that could have a material impact on the evaluation of its own assets and liabilities, financial position or profit and loss.

Description of environmental issues

The Issuer does not perceive significant environmental risks to the use of tangible fixed assets, as these are an insignificant part of the balance sheet and, at the same time, not environmentally demanding assets.

Solvency of the Issuer

There have been no recent events in the Issuer's business that would be material in assessing the Issuer's solvency.

REGULATORY ENVIRONMENT

Business in the banking sector is subject to supervision by the CNB (furthermore, foreign banks in the group are supervised by the relevant national authorities) and is subject to the granting of a banking licence. The Issuer is not authorised to carry out any activities other than those expressly provided for in the licence. The law imposes a number of requirements on banks, including, among others, requirements of credibility and professional competence of persons with qualified participation in the bank and requirements of credibility, professional competence and experience of members of the governing body, members of the management board and members of the supervisory board of the bank.

The Issuer and the key Group companies are part of a prudential consolidation group (the "**Prudential Consolidation Group**"). The Prudential Consolidation Group complies with the capital adequacy rules on a consolidated basis. The Prudential Consolidation Group complies with the rules on general prudential requirements in relation to capital requirements for credit risk, market risk, operational risk, settlement risk and leverage, large exposure limitation requirements in accordance with the CRR rules limiting exposure to a client or an economically connected group of clients to a certain amount (large exposures rules), liquidity requirements, reporting requirements (in particular reporting requirements to the CNB, the details of which are further defined by the European Banking Authority) and disclosure requirements. The activities of the companies within the Prudential Consolidation Group are restricted by national and European regulatory rules that impose requirements on capital levels, limits on large exposures of the Consolidated Group, liquidity, customer protection (including protection of banking secrecy), reporting obligations (in particular) to the CNB, and limit the business activities that the Prudential Consolidation Group may engage in and in which it may participate, in particular the acquisition of qualifying holdings outside the financial sector.

The Prudential Consolidation Group is defined, for the purposes of the prudential business rules, on a consolidated basis under the Act on Banks, the Prudential Decree and the CRR. According to this legislation, the financial holding group of the ultimate shareholders of J&T FINANCE GROUP, Mr. Jozef Tkáč, Mr. Ivan Jakabovič and Rainbow Wisdom Investments Limited, has been defined as Prudential Consolidation Group since 1 January 2014.⁹

The Group's consolidated capital consists of:

1. Tier 1 capital, which consists of:
 - a) Common equity tier 1 (CET1) capital, which includes paid-up common share capital, share premium, retained earnings (current period earnings not included), accumulated other comprehensive income (OCI), other CET1 transitional measures, less deductions of intangible assets and additional valuation adjustments (AVA);
 - b) Additional tier 1 (AT1) capital, which comprises instruments without maturity date issued in accordance with the CRR.
2. Tier 2 capital, which includes eligible subordinated debt approved by the CNB, which amounted to CZK 42 million as at 31 December 2021.

Since 1 January 2014, capital adequacy is calculated for CET 1 capital, Tier 1 capital and total regulatory capital. The value represents the ratio of the capital to risk-weighted assets (RWA). Regulatory Capital is calculated as the sum of the common equity tier 1 (CET1) capital, the additional tier 1 (AT1) capital and tier 2 capital, less deductible items. Deductible items include the net carrying amount of intangible assets and the net deferred tax liability related to those intangible assets. The CNB also requires each institution to hold an additional conservation capital buffer of 2.5% and a countercyclical capital buffer at all levels of the regulatory capital.

⁹ Different consolidation rules apply to the Prudential Consolidation Group - only companies that have the status of financial institutions (as defined by the CRR) are fully consolidated.

The main objective of the Group's capital management is to ensure that existing risks do not threaten the solvency of the Issuer's Group and that the regulatory capital adequacy limit is met. The purpose of setting a minimum value for capital adequacy is to have a warning mechanism in place to ensure that capital adequacy does not fall to the regulatory minimum. ALCO and the Issuer Group's management regularly assess whether the Group's regulatory capital meets the established capital adequacy limits and targets.

The table below sets out the minimum capital adequacy requirements, including the requirements for each component. The total regulatory capital ratio for 2021 was 10.86% (2020: 10.85%, 2019: 11.34%).

Minimum requirements for capital ratios for 31 December 2021 and 31 December 2020 are as follows:

in %	Minimum requirement	Capital conservation buffer	Countercyclical buffer	Total requirement
Common Equity Tier 1 capital (CET I)	4,50%	2,50%	0,36%	7,36%
Tier 1 capital	6,00%	2,50%	0,36%	8,86%
Total regulatory capital 2021	8,00%	2,50%	0,36%	10,85%
Common Equity Tier 1 capital (CET I)	4,50%	2,50%	0,35%	7,35%
Tier 1 capital	6,00%	2,50%	0,35%	8,85%
Total regulatory capital 2020	8,00%	2,50%	0,35%	10,85%
Common Equity Tier 1 capital (CET I)	4,50%	2,50%	0,84%	7,84%
Tier 1 capital	6,00%	2,50%	0,84%	9,34%
Total regulatory capital 2019	8,00%	2,50%	0,84%	11,34%

Source: Consolidated annual report of the Issuer 2021 and 2020

The capital adequacy ratio at 31 December 2021 was: 16.21% (as at 31 December 2020: 14.96% and as at 31 December 2019: 16.48%), and thus the capital adequacy requirements were met with buffer exceeding 5 percentage points as at 31 December 2021 (as at 31 December 2020: with buffer exceeding 4 percentage points, and as at 31 December 2019: with buffer exceeding 5 percentage points).

Capital adequacy

in %	31.12.2021	31.12.2020	31.12.2019
Common Equity Tier 1 capital (CET I)	13,31%	12,93%	13,90%
Tier 1 capital	16,18%	14,91%	16,35%
Total regulatory capital	16,21%	14,96%	16,48%

Source: Consolidated annual report of the Issuer 2021 and 2020

The common equity tier 1 and tier 1 capital ratios were also met with a buffer of 5 to 8 percentage points.

Concentration of credit risk (large exposures limit), which is a consequence of transactions with financial assets, arising for groups of counterparties whose similar economic characteristics affect the ability of the borrower to meet its obligations, is also subject to special regulation under the CRR. The regulatory limit for concentration risk was not exceeded in 2019-2021.

The legislation then contains a number of provisions aimed at providing protection to the bank's customers, such as the regulation of business confidentiality or the bank's obligation to exercise prudence and professional care in the best interests of its customers when providing investment services.

Banks are subject to extensive reporting and disclosure requirements to supervisory authorities, including the implementation of the single prudential reporting framework developed by the European Banking Authority (EBA).

In its activities, the Issuer is also governed by other legal regulations, in particular the Business Corporations Act and tax regulations, including rules for determining transfer prices between related parties.

TREND INFORMATION

No significant change

General provisions

Since the date of the Issuer's last published audited financial statements, i.e. since 31 December 2021, to the Prospectus Date, there has been no change in trends in production, sales and inventories, and costs and selling prices that would result in an adverse change in the prospects of the Issuer.

Change in the Group's financial performance

The Group closed 2021 with a balance sheet total of CZK 203.25 billion (2020: CZK 175.04 billion), an increase of more than 16%. The Group's economic performance during 2021 reflected not only the relative calming of the situation and client expectations related to the development of the COVID-19 pandemic, but also the positive trend in the financial markets. In this challenging period, the Group achieved net annual profit of CZK 2.80 billion, an increase of CZK 1.14 billion year-on-year.

Due to the Issuer's majority share of the Group's results, the increase in key market interest rates, driven by a jump in the CNB's two-week repo rate, particularly in the second half of 2021, was reflected in the growth of the Group's interest income and expenses. Interest expense rose slightly by 5.70% to CZK 1.73 billion, with the increase mainly due to the year-on-year increase in the volume of liabilities to clients, which form a decisive part of the Group's interest-bearing liabilities.

The Group not only strengthened the interest component of operating income, but also recorded an increase in net profit from fees and commissions. In 2021, this profit reached CZK 1.60 billion (in 2020: CZK 1.20 billion). Despite the economic conditions marked by the pandemic and the associated uncertainty, the Group achieved its highest ever net profit from fees and commissions for services provided.

In 2021, the demand for new corporate bond issuance overcame the downward trajectory of the previous year triggered by the COVID-19 pandemic, which was reflected in the year-on-year increase in fees collected from securities issuance.

The stabilisation of operating costs on the one hand and the dynamic growth in interest and non-interest income from banking activities on the other hand translated into an 8.4% year-on-year growth in profit before provisions and allowances. This reached CZK 3.23 billion (in 2020: CZK 2.98 billion).

The Group's net loan loss provisioning is primarily based on the risk profile development of the Bank's loan portfolio. The net loan loss provisioning amounted to CZK 0.58 billion, a decrease of 45% compared to the previous year. The cost of risk has been affected by updates in the PD (probability of default) curves, LGD (exposure at default), FLI (application of selected forward-looking information) and SICR (application of the definition of default and significant credit risk increase), while also taking into account simulations of future GDP development scenarios. In determining the level of provisions for 2021, the Group took into account the ongoing general risks and market uncertainty associated with the impact of the COVID-19 pandemic that may affect all companies.

Information about known trends

General provisions

As at the Prospectus Date, the Issuer is not aware of any trends, uncertainties, claims, liabilities or events that are reasonably likely to have a material effect on the Issuer's prospects for the accounting period corresponding to calendar year 2022, except as set out below:

Current macroeconomic situation and outlook

After a major economic downturn in 2020 due to the restrictions related to Covid-19, there was a solid recovery in 2021. However, it has not been a smooth process, as it was still partly constrained by persistent restrictions, albeit at a lower level than in 2020. Global disruption of supply chains has become a new phenomenon, primarily as a result of previous restrictions. Inflation, which is one of the main macroeconomic risks for 2022, started to gain importance in the second half of 2021.

The Czech economy, measured by gross domestic product (GDP), grew by 3.3% in 2021, erasing only part of the deep decline (-5.8%) that occurred in the previous year due to the covid measures. The anti-pandemic restrictions still hampered activity at the beginning of the year, but gradually the restrictive restrictions subsided despite various fluctuations. The rapid recovery in demand, rising commodity prices and shortages in supply chains have created a highly inflationary environment. The inflation rate has gradually accelerated from 2% to above 6% by the end of 2021. During the first quarter of 2022, domestic inflation approached 13 percent for the first time since 1998. In the euro area, the inflation rate accelerated gradually during 2021 from 0.9% in January to 5.0% at the end of the year. In early 2022, inflation in the euro area accelerated further to a record 7.5% (the highest level in history since 1997). Inflation in some euro area countries has hit 40-year highs, with inflation accelerating to 13-19% in the Baltics.

The Czech National Bank soon responded to the rising inflation outlook by starting raising interest rates in June 2021. Over eight meetings, it has gradually raised the base interest rate from 0.25% to 5.75% in May 2022, the highest level since 1999. Moreover, the CNB has indicated that it may continue to raise interest rates even further. The European Central Bank (ECB), on the other hand, remained very cautious despite the acceleration in inflation, continued its expansionary monetary policy, kept interest rates in negative territory and extended its bond-purchasing programme until at least the summer of 2022. At the turn of 2021/2022, the US Fed took a gradual turn in monetary policy, which it accelerated in 2022. In March, the Fed ended its bond-purchasing programme (QE) and began raising interest rates. In May, the Fed accelerated the pace of increasing the rates and announced the process of reducing its balance sheet. At the same time, it indicated that it would continue to raise rates sharply at its future meetings to quickly get control of the increased inflation.

The volume of assets and profits of banks has grown steadily in recent years

46 banks and foreign bank branches operate in the Czech Republic. The total assets of the banking sector in the Czech Republic grew at an average rate of 8% p.a. over the period 2015-2020, reaching CZK 8,524 billion at the end of December 2021, up by CZK 556 billion year-on-year (+7% y/y). Net profit for 2021 increased by 49% compared to the previous year to CZK 71 billion. This increase in profit is due to the provisioning in 2020 for the coronavirus crisis, which was not repeated in 2021. Profit from financial and operating activities of banks rose by CZK 4 billion (+2% y/y) to CZK 184 billion in 2021, when the year-on-year development turned into green figures only towards the end of the year thanks to the growth of interest income in response to the CNB's interest rate increase. Net interest income was 2% higher for the full year 2021, while in the fourth quarter it grew by 30% year-on-year. Net fee and commission income for 2021 increased by CZK 4 billion (+13% y/y) to CZK 35 billion, driven by a recovery in clients activity following the easing of anti-covid restrictions.¹⁰

¹⁰ Source: CNB statistics

The beginning of 2022 continued the trends of the end of the previous year. The main factors are a further acceleration in interest income growth and a continued gradual decline in the share of non-performing loans. The net profit of the largest banks in the Czech Republic thus increased significantly in the first quarter of 2022 compared to the same period in 2021 (Komerční banka's net profit increased by 76% to CZK 3.5 billion, ČSOB's by 68% to CZK 4.6 billion and Česká spořitelna's by 84% to CZK 5.0 billion).¹¹ However, a gradual increase in provisioning can be expected in the remainder of the year, related both to the impact of the jump in interest rates and high inflation on the ability of clients to repay their liabilities, and to the translation of worsening macroeconomic projections into banks' risk models (IFRS 9).

An important topic in the banking sector in recent years has been the rapid emergence of digitalisation and the shift of clients from branches to online platforms, which on the one hand entails increased investment in IT and on the other hand, at least for large banks, reduction in the number of branches and optimisation of the number of employees.

Banking regulation, including increasing capitalisation requirements and potential crisis preparedness

Regulation of the banking sector at both national and European level is showing a growing trend, with the stability of the banking system being the main objective. As a consequence, the prudential regulatory regime is being tightened, capital quality requirements are being increased, in particular the emphasis is put on equity capital and the ability to absorb losses in the event of a financial crisis or economic recession, and countercyclical measures are being incorporated that force banks to better prepare for a subsequent economic slowdown or downturn in times of economic growth. The consequence has been an increase in banks' capital adequacy and the issuance of various hybrid forms of debt securities, which are counted towards total capital adequacy and are able to absorb part of the losses in case of adverse developments. This has been compounded by the restriction of dividend payments at a time of heightened uncertainty related to the COVID-19 pandemic. The overall capital adequacy ratio of the banking sector thus reached a high level of 23.5% at the end of 2021 (24.4% at the end of 2020).

There is a change in the way of supervision, with the main rules being set at EU level, thus unifying the rules for the EU banking sector, with the associated expansion of reporting obligations (volume and detail), etc. These changes are leading to a continued increase in the cost of the Bank's compliance functions while increasing the regulatory and compliance risks faced by the Issuer.

The long-term risk remains the possible introduction of some form of bank tax, as is the case in most countries in the region. This risk has recently been mitigated in the Czech Republic by the establishment of the National Development Fund, to which banks shall contribute and from which public projects shall be financed. However, high state budget deficits related to the impact of the Covid-19 pandemic, aid to refugees from Ukraine and cushioning the impact of rising energy prices and inflation in general may bring the bank tax back into play as one form of financing these deficits.

COVID-19 pandemic and the military conflict in Ukraine

Over the past year, the Group monitored the evolution of the pandemic, the measures ordered by the state authorities and the views of health professionals. In response, the Group took measures to protect the health of its employees while maintaining the Group's operations. The Group did not experience any material reductions in the availability of services or products, thanks to, inter alia, the increased support of digital and telecommunications channels that allow it to remain in contact with its clients. Furthermore, the Group did not observe any significant impact of the COVID-19 pandemic on liquidity, market risk and credit risk. The impact of the COVID-19 pandemic on the economy was taken into account when updating the PD (probability of default) curves.

¹¹ Source: Annual reports of the relevant banks.

The Group operates in the Russian market through its subsidiary J&T Bank, a.o. and is also exposed to the development of economic and financial markets in Ukraine. In February 2022, following the recognition of the self-proclaimed Donetsk People's Republic and Luhansk People's Republic by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of this country. The current escalation of the military conflict is likely to have a negative impact on the political and business environment in Ukraine, including the ability of many entities to continue normal operations.

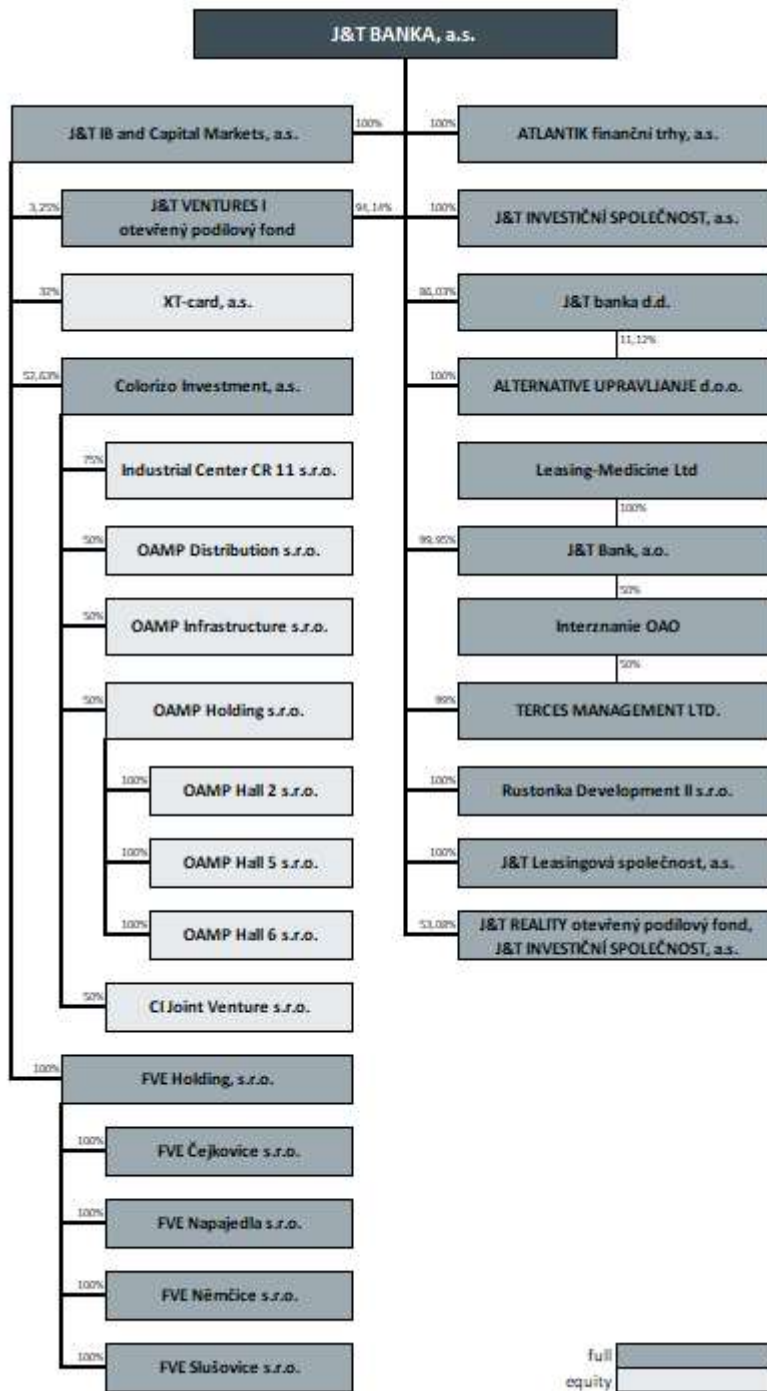
In response to the invasion of Ukraine by the Russian Federation, a number of countries, including the United States, the United Kingdom and the European Union states, have imposed and/or extended economic sanctions against a number of Russian natural persons and legal entities. The sanctions include, among others, asset freezes, trade restrictions and travel bans. Further legislation is planned. The expanded sanctions have already had, or are expected to have, further damaging effects on economic uncertainty in Russia, including more volatile stock markets, weakening of the Russian ruble, reduced inflows of local and foreign direct investments, and significant tightening of credit availability. As a result, some Russian entities may have difficulty accessing international equity and debt markets, and may become increasingly dependent on state support for their operations. The long-term effects of the sanctions imposed and any additional sanctions are difficult to determine.

ISSUER'S ORGANISATIONAL STRUCTURE

Group

Group description

The Group means the Issuer 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 IFRS. Companies that are consolidated by the equivalence method are also part of the scheme below as at 31 May 2022.



Position of the Issuer in the Group

In terms of the Issuer's position in the Group, the Issuer is the controlling person of the other Members of the Group.

The sole shareholder and ultimate parent company of the Issuer is J&T FINANCE GROUP SE, owned by Jozef Tkáč (45.5%), Ivan Jakobovič (45.05%) and Rainbow Wisdom Investments Limited (9.9%). The Issuer is included in the consolidated financial statements of this company.

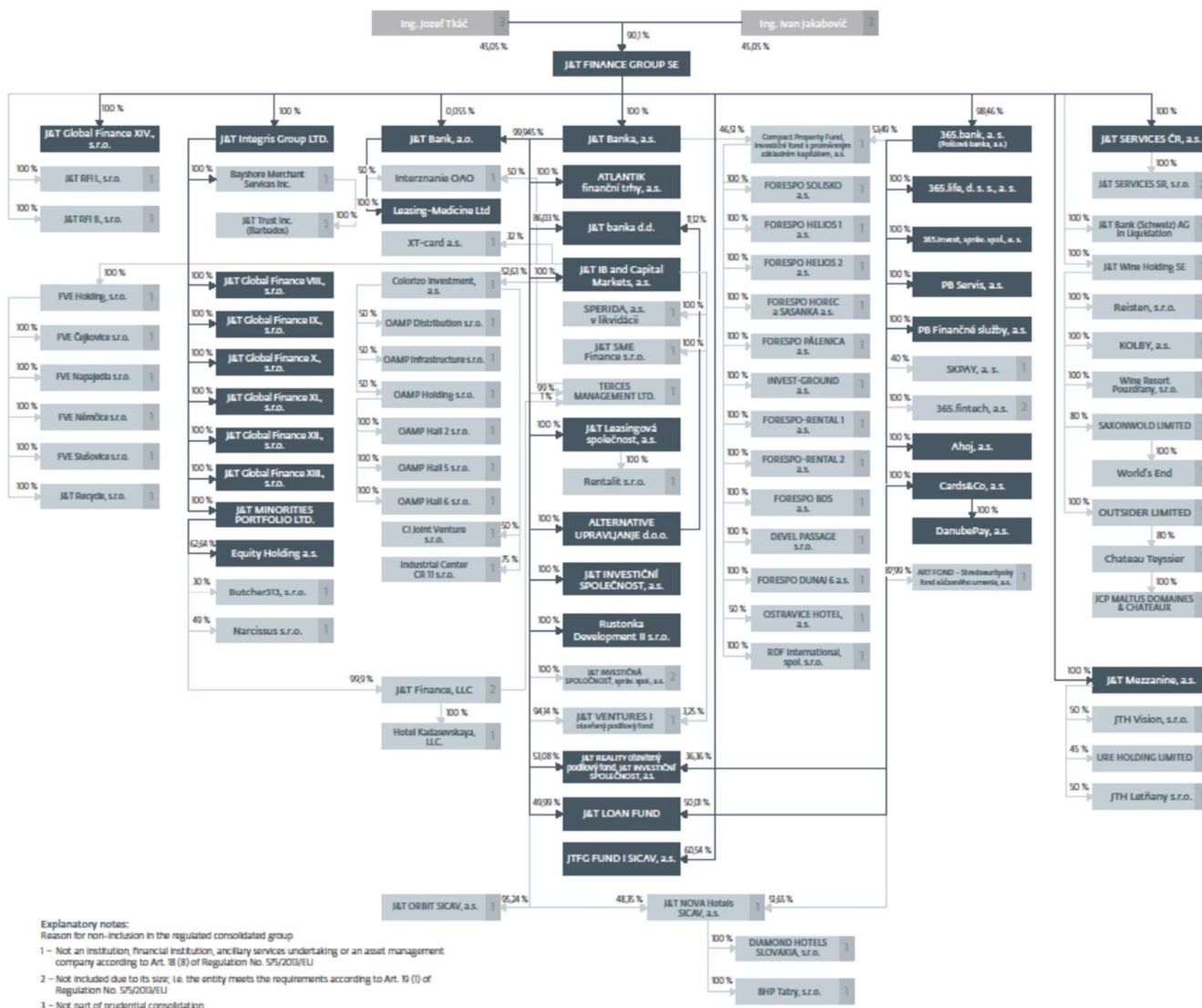
Recent changes in the Group

There were no changes in the Issuer's position in the Group between the date of the last financial statements and the Prospectus Date.

There were no changes in the structure of the Group as shown in the diagram above between 31 May 2022 and the Prospectus Date.

Description of the J&T Group

The Issuer is also part of the J&T Group, whose parent company is J&T FINANCE GROUP SE. J&T Group is active in private and investment banking, asset management and specialised financing. As at 31 May 2022, the J&T Group consisted of 92 companies (93 including J&T FINANCE GROUP SE), of which 77 are fully consolidated (78 including J&T FINANCE GROUP SE). The graphic below shows the significant companies comprising the Group, including the entities controlling the Issuer as at 31 May 2022. Companies in dark grey are part of the prudential consolidation. Companies in dark blue, together with the other companies, represent the consolidation group within the meaning of the accounting rules.



Organisational structure of the Prudential Consolidation Group

Selected companies of the J&T Group are part of a group subject to consolidated supervision by the CNB within the meaning of Section 26c et seq. of the Act on Banks. For the purposes of supervision on a consolidated basis, the companies included in this group are obliged, inter alia, to provide the CNB with information and documents, to establish appropriate control mechanisms to ensure the accuracy of the information provided and the authenticity and completeness of the documents provided, and to enable the inspection to be carried out.

Position of the Issuer in the J&T Group

In terms of the Issuer's position in the J&T Group, the Issuer is a wholly-owned subsidiary of J&T FINANCE GROUP SE, whereby J&T FINANCE GROUP SE is, according to the Issuer's information, jointly controlled by Ing. Jozef Tkáč (with a share of 45.05 %) and Ing. Ivan Jakobovič (with a share of 45.05 %). At the same time, Rainbow Wisdom Investments Limited, which is controlled by CITIC Group Corporation, a Chinese group, owns a non-controlling share of 9.9% in the company.

Recent changes in the J&T Group

There were no changes in the Issuer's position in the J&T Group between 31 May 2022 and the Prospectus Date.

There were no changes in the structure of the J&T Group as shown in the diagram above between 31 May 2022 and the Prospectus Date.

List of significant subsidiaries of the Issuer

The significant subsidiaries comprising the Group are listed below.

The financial information stated for each company is presented in accordance with IFRS for the relevant accounting period. Data for the stated Issuer's subsidiaries are presented at the level of individual financial statements.

The Issuer has the same share in the share capital of all key subsidiaries as in the voting rights.

J&T Bank, a.o.

Registered office: Kadashevskaya nab. 26, 115035 Moskva, Russian Federation

ID No.: 1027739121651

Date of establishment: 21 September 1994

Share capital: RUB 6.394.766.000

Main Activities

The Bank 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 Issuer's Group in 2011, when the Issuer acquired 99.125% share in its share capital and voting rights by way of a non-monetary contribution.

Economic situation in 2021 and 2020¹²

As at 31 December 2021, J&T Bank, a.o. achieved an economic result of RUB 336.4 million with balance sheet total of RUB 21.5 billion. As at 31 December 2020, the company achieved an economic result of RUB 204.1 million with balance sheet total of RUB 20.4 billion. Equity capital at the end of 2021 was RUB 7.85 billion (approximately CZK 2.29 billion)¹³. At the end of 2020, the equity capital amounted to RUB 7.76 billion.

J&T INVESTIČNÍ SPOLEČNOST, a.s.

Registered office: Sokolovská 700/113a, Karlín, 186 00 Prague 8

ID No.: 476 72 684

Date of establishment: 8 February 1993

Share capital: CZK 20,000,000

¹² The figures below are taken from the audited individual financial statements of J&T Bank, a.o. prepared as at 31 December 2021 and as at 31 December 2020 in accordance with IFRS.

¹³ Converted at the exchange rate of 100 RUB/CZK of 29.147 as announced by the CNB as at 31 December 2021.

Main Activities

The scope of business of the management company is the management and administration of investment funds.

Economic situation in 2021 and 2020¹⁴

The company ended 2021 with an economic result of CZK 209.8 million and total equity capital of CZK 260.0 million. The company ended 2020 with an economic result of CZK 123.07 million and total equity capital of CZK 153.23 million.

J&T IB and Capital Markets, a.s.

Registered office: Sokolovská 700/113a, Karlín, 186 00 Prague 8

ID No.: 247 66 259

Date of establishment: 19 November 2010

Share capital: CZK 2,000,000

Main Activities

The company provides financial and advisory services focusing on debt financing, mergers and acquisitions, and corporate finance. In this context, it provides comprehensive services and advisory in securing debt financing (bonds, credit clubs, private placements, bill of exchange programmes) and equity financing (primary and secondary public offers, private placements), corporate finance services (mergers and acquisitions, project finance, strategic advisory, corporate governance).

Economic situation in 2021 and 2020¹⁵

In 2021, the company achieved an economic result of CZK 12.60 million. The volume of total assets reached CZK 320.19 million.

The company ended 2020 with an economic result of CZK -52.26 million and balance sheet total of CZK 340 million.

ATLANTIČ finanční trhy, a.s.

Registered office: Sokolovská 700/113a, Karlín, 186 00 Prague 8

ID No.: 262 18 062

Date of establishment: 1 July 2000

Share capital: CZK 38,000,068

Main Activities

The subject of the company's business is the provision of investment services within the meaning of the Capital Market Business Act, within the scope of the Czech National Bank's decision of 14 February 2007, ref. no. 542/N/137/2006/7, and the performance of the activities of an investment fund depository pursuant to Section 596(d) of Act No. 240/2013 Coll., on Management Companies and Investment Funds.

¹⁴ The figures below are from the audited individual financial statements of J&T IS prepared as at 31 December 2021 and as at 31 December 2020 according to IFRS as adopted by the EU.

¹⁵ The figures below are taken from the audited individual financial statements of J&T IBCM prepared as at 31 December 2021 and as at 31 December 2020.

Economic situation in 2021 and 2020¹⁶

As at 31 December 2021, ATLANTIK FT reported an economic result of CZK 9.9 million and balance sheet total of CZK 114.8 million. As at 31 December 2020, the economic result amounted to CZK 3.5 million with balance sheet total of CZK 852.9 million.

Net interest income reached CZK 8.1 million (in 2020: CZK 12.2 million) and thus contributed 27% to the total revenue. Net fee and commission income reached CZK 9.3 million (in 2020: CZK 20.8 million), representing 31% share of the company's total revenue.

Equity capital reached CZK 92.1 million in 2021 (in 2020: CZK 95.97 million). Despite the payment of the profit dividend in 2021 and 2020, the capital adequacy ratio reached 45.41% in 2021 (in 2020: 41.10%), thus confirming the company's role as a stable, capital-equipped investment firms on the Czech market.

J&T banka d.d.

Registered office: Varaždin, Alana kralja Zvonimira 1, Croatia

ID No.: 0675539

Date of establishment: 29 April 1994

Share capital: HRK 307,085,400

Main Activities

The Company's scope of business is to receive 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 (in accordance with the Act on Payments) and to issue bank guarantees or other guarantees.

Economic situation in 2021 and 2020¹⁷

As at 31 December 2021, the company had an economic profit of HRK 2.98 million with balance sheet total of HRK 812.93 million. As at 31 December 2020, the company reported an economic loss of over HRK 16 million and the balance sheet total was close to HRK 1,047 million. Net interest income reached HRK 21.20 million in 2021 (in 2020: HRK 16.7 million. Net fee and commission income in 2021 reached HRK 3.34 million (in 2020: HRK 4.5 million.).

Dependence upon other entities within the Group

As at the Prospectus Date, the Issuer is not dependent on any entity of the J&T Group. The Issuer enters into relationships with entities of the J&T Group solely on the basis of terms and conditions customary in the course of business and its relationship with entities of the J&T Group is determined primarily through its credit exposure to entities of the J&T Group, deposits received from entities of the J&T Group, loan commitments and guarantees issued to related parties.

¹⁶ The figures below are from the audited individual financial statements of ATLANTIK FT prepared as at 31 December 2021 and as at 31 December 2020 according to IFRS as adopted by the EU.

¹⁷ The figures below are taken from the audited individual financial statements of J&T banka d.d. (VABA d.d. banka Varaždin before) prepared as at 31 December 2021 and as at 31 December 2020 according to IFRS as adopted by the EU.

As at 31 December 2021, the total amount of the Issuer's receivables from related parties (consolidated financial statements) was CZK 3.30 billion, and the total amount of the Issuer's liabilities to related parties was CZK 8.09 billion. As at 31 December 2021, total revenues from related party transactions amounted to CZK 2.29 billion and total costs CZK 2.95 billion (consolidated financial statements).¹⁸

¹⁸ The companies reported as related parties are specified in the Issuer's annual report as at 31 December 2020, in the notes to the consolidated financial statements, chapter 39 (*Related parties: Definition of related parties*) - see point information incorporated by reference

OPERATING AND FINANCIAL REVIEW

The Issuer¹⁹ closed 2021 with balance sheet total of CZK 203.25 billion (2020: CZK 175.04 billion), an increase of more than 16%. The Issuer's economic performance during 2021 reflected not only the relative calming of the situation and client expectations related to the development of the COVID-19 pandemic, but also the positive trend in the financial markets. In this challenging period, the Issuer achieved net annual profit of CZK 2.80 billion, an increase of CZK 1.14 billion year-on-year.

The Issuer on an individual basis accounts for more than 95% of the total assets and more than 85% of operating profit before creating provisions and allowances of the Issuer on a consolidated basis, and therefore the Group's results are primarily dependent on the Issuer's results.

The increase in the Issuer's balance sheet total was mainly influenced by the growth of client deposits volume on the liabilities side of the balance sheet. The total value of client deposits was 11.3% higher compared to the end of 2020 and slightly exceeded CZK 154 billion (in 2020: CZK 138.62 billion). More than 71% of the total liabilities to clients are deposits in term and tied accounts (at the end of 2020 this share was around 75%). The total number of the Issuer's deposit clients reached 92,225 by the end of 2021, an increase of 8,321 year-on-year.

The sufficient volume of resources received from clients enabled the Group's banks to participate in the financing of a number of projects by increasing the volume of corporate loans granted. The volume of these loans increased by CZK 4.93 billion year-on-year, reaching CZK 72.05 billion at the end of 2021.

At the same time, the Issuer recorded a decrease in the volume of debits arising from clients' trading on capital markets by CZK 11.50 billion and a slight increase in receivables from reverse repo loans by CZK 0.65 billion. The year-on-year decline in the volume of the trader's debits was mainly due to the high comparative base of the previous year, which saw an extraordinary short-term increase in debits volume at the end of the year. As at the end of 2021, the trader's debits reached CZK 17.7 billion, one of the highest volumes in the Issuer's history. In total, the volume of loans and other receivables from clients in accrued value decreased by 5.71% year-on-year and reached the amount of CZK 93.15 billion. The expansion of the Issuer's deposit base and at the same time the decrease in the total volume of receivables from clients also influenced the development of the Loan-to-Deposit ratio, which reached 60% as at 31 December 2021 (at the end of 2020, its value was around 71%).

The total volume of securities in the Issuer's portfolio did not change significantly year-on-year, reaching CZK 24.27 billion (in 2020: CZK 24.60 billion).

The Issuer's equity capital increased by CZK 3.30 billion year-on-year and amounted to CZK 24.76 billion at the end of 2021. One of the reasons for the Issuer's capital strengthening was the restriction of the payment of profit share from the previous year, which was caused by a decision of the Czech National Bank (hereinafter also referred to as the "CNB"). Another factor was the 2021 current year's earnings. Sufficient capital adequacy enables the Issuer to grow and develop in the coming years as well. The capital adequacy ratio on a consolidated basis reached 16.21% at the end of the year.

Due to the Issuer's majority share of the Group's results, the increase in key market interest rates, driven by a jump in the CNB's two-week repo rate particularly in the second half of 2021, was reflected in the growth of the Issuer's interest income and expenses. Interest expense rose slightly by 5.70% to CZK 1.73 billion, with the increase mainly due to the year-on-year increase in the volume of liabilities to clients, which form a decisive part of the Issuer's interest-bearing liabilities.

Through reverse repo operations with CNB, the Issuer realises most of its liquidity surplus. The regulator's increase in the interest rates for these operations in the second half of the year resulted in a dynamic growth in interest income by 17.0%, which represented a year-on-year increase of CZK 0.87 billion.

¹⁹ All information in this chapter relating to the Issuer is based on the Issuer's consolidated financial statements.

As a result, net interest income increased by 21.5% to CZK 4.46 billion compared to the previous year and thus constituted and constitutes the main source of operating income (71.3%).

The Issuer not only strengthened the interest component of operating income, but also recorded an increase in net profit from fees and commissions. In 2021, this profit reached CZK 1.60 billion (in 2020: CZK 1.20 billion). Despite the economic conditions marked by the pandemic and the associated uncertainty, the Issuer achieved its highest ever net profit from fees and commissions for services provided.

In 2021, the demand for new corporate bond issuance overcame the downward trajectory of the previous year triggered by the COVID-19 pandemic, which was reflected in the year-on-year increase in fees collected from securities issuance.

Continued clients' interest in asset appreciation through trading on capital markets was reflected in an increase in fees from the acquisition of financial instruments, and the Issuer also saw a growing trend in non-interest income in the area of collective investment and asset management. All funds managed by J&T INVESTIČNÍ SPOLEČNOST, a.s. did well, thanks to which fees for management, administration, custody and storage of values continued the year-on-year upward trend of previous years. In 2021, the fees reached CZK 0.74 billion, an increase of almost two-thirds compared to 2020 (CZK 0.47 billion).

Net profit from trading and investments reached CZK -0.13 billion in 2021. Its development at the Issuer's consolidated level in individual years reflects the development of exchange rates of the Czech crown against the rouble, the dollar and the euro.

The Issuer managed to keep its operating costs at a stable level, reaching CZK 2.92 billion in 2021, which is comparable to their level in the previous year. The increase in depreciation of tangible and intangible assets was 16.8%. This amount corresponds to the Issuer's increasing level of investment in digitisation and automation and was offset by a decrease in personnel and other administrative costs. The year-on-year decrease in administrative costs was also due to a higher 2020 base, which included the cost of purchasing protective equipment donated to the Czech and Slovak governments in connection with the covid-19 pandemic, in an amount exceeding CZK 100 million. Thanks to the dynamic growth in revenues and at the same time a stable cost trend, the ratio of operating costs to operating revenues, through which the Issuer measures efficiency in the operating area, reached 47.53% (in 2020: 49.6%).

The stabilisation of operating costs on the one hand and the dynamic growth in interest and non-interest income from banking activities on the other hand translated into an 8.4% year-on-year growth in profit before creating provisions and allowances. This reached CZK 3.23 billion (in 2020: CZK 2,98 billion).

The Issuer's net loan loss provisioning is primarily based on the risk profile development of the Issuer's loan portfolio. The net loan loss provisioning amounted to CZK 0.58 billion, a decrease of 45% compared to the previous year. The cost of risk has been affected by updates in the PD (probability of default) curves, LGD (exposure at default), FLI (application of selected forward-looking information) and SICR (application of the definition of default and significant credit risk increase), while also taking into account simulations of future GDP development scenarios. In determining the level of provisions for 2021, the Issuer took into account the ongoing general risks and market uncertainty associated with the impact of the covid-19 pandemic that may affect all companies.

The Issuer closed 2020 with balance sheet total of CZK 175.04 billion (2019: CZK 151.72 billion), an increase of more than 15.4%. During the year, the Issuer's economic performance was affected by the uncertain macroeconomic situation related to the COVID-19 pandemic, as well as by the concerns of clients and business partners about future economic developments. Net annual profit amounted to CZK 1.67 billion, a decrease of CZK 1.49 billion compared to the previous year. The Issuer active on the Czech and Slovak markets accounts for almost 95% of the total assets of the Group and more than 86% of operating profit before creating provisions and allowances, and therefore the Group's results are primarily dependent on the Issuer's results.

The increase in the Issuer's balance sheet total was influenced on the liabilities side of the balance sheet by the volume of clients deposits, which increased by 21.0% to CZK 138.62 billion in 2020 (in 2019: CZK 114.55 billion). More than 75% of the total liabilities to clients were deposits in term and tied accounts, at the end of the previous year this share was around 70%. The total number of the Issuer's deposit clients reached 83,904 by the end of 2020, an increase of 7,963 year-on-year.

The additional funds received from clients enabled the financing of a number of projects through loan products. This was reflected in the growing trend of the volume of the portfolio of receivables from clients, which increased by 44.6% year-on-year to CZK 98.79 billion (in 2019: CZK 68.32 billion). In absolute terms, this is an increase of CZK 30.47 billion.

Due to the faster growth of loans compared to the deposit base, the Loan-to-deposit ratio reached 71% as at 31 December 2020 (at the end of 2019, this indicator was less than 60%). Financial assets held for trading increased by CZK 5.3 billion to CZK 8.35 billion. The volume of financial assets at fair value revalued in other comprehensive income was CZK 8.94 billion at the end of the year.

The Issuer's total equity capital increased slightly by CZK 0.75 billion year-on-year and amounted to CZK 22.54 billion at the end of 2020. This was mainly due to the non-payment of dividends from the 2019 profit to the parent company J&T FINANCE GROUP SE. Sufficient capital adequacy thus enables the Issuer to grow and develop in the coming years as well. The capital adequacy ratio on a consolidated basis reached 15.0% at the end of the year. Net interest income of the Issuer decreased by 7.2% compared to the previous year to a total of CZK 3.67 billion, while interest income decreased by 5.5% and, conversely, interest expense increased by 2.4%. The Issuer's result was mainly determined by the decline in the interest rate on reverse repo operations with the CNB, through which the Issuer realises the largest part of the Group's liquidity surpluses. The general decline in interest rates in the financial markets in which the Issuer operates has also contributed to the decline in interest rates on loans and has subsequently been reflected in the year-on-year decline in interest income. The increase in interest expense is due to the year-on-year increase in the absolute volume of liabilities to clients, which constitute a decisive part of the Issuer's interest-bearing liabilities.

The issuer recorded a slight decrease in net profit from fees and commissions – in 2020 it reached CZK 1.2 billion compared to CZK 1.4 billion in the previous year. The slowdown in demand for new corporate bond issuance was directly linked to macroeconomic conditions triggered by the COVID-19 pandemic measures, and was reflected in reduced fee collections from securities issuance. On the other hand, however, in an environment of high exchange rate fluctuations, clients actively took advantage of the opportunity for attractive appreciation of their funds through riskier investment instruments. The growing interest in trading on capital markets and the associated increase in fee income from the acquisition of financial instruments thus partly offset the shortfall in fees from issuances.

Despite the difficult situation in the area of collective investment, characterised by a temporary increased concern of clients about the future development of fund returns, especially in the first half of 2020, it can be stated that the Issuer's Group as well as the Issuer itself have successfully stood in this field. All funds managed by J&T INVESTIČNÍ SPOLEČNOST, a.s. did well, and fees for management, administration, custody and storage of values continued the year-on-year upward trend of previous years.

Net profit from trading reached CZK 0.99 billion in 2020. Its development at the Issuer's consolidated level in individual years reflects the development of exchange rates of the Czech crown against the rouble, the dollar and the euro.

Operating expenses decreased by 2.1% to CZK 2.93 billion in 2020, mainly due to a reduction in personnel costs, which decreased by 12.3% to CZK 1.37 billion compared to 2019 (in 2019: CZK 1.56 billion). Although other operating expenses, on the other hand, increased by 11.8%, the stable year-on-year trend of the Issuer's total operating expenses allowed the Issuer to partially compensate for the lower revenues from financing activities compared to the previous period, thus keeping the Cost / Income ratio below 50%. The increase in operating costs

includes the costs for the purchase of protective equipment in excess of CZK 100 million, which was donated to the Czech and Slovak governments in March 2020 to help address the shortage of medical supplies in the fight against the COVID-19 pandemic.

The Issuer's net loan loss provisioning was primarily based on the risk profile development of the Issuer's loan portfolio and significantly influenced also the amount of the Issuer's net profit. In 2020, the Issuer completed provisions against costs, in net terms amounting to CZK 1.05 billion.

From the perspective of the financial markets, 2020 was a year of great upheaval, high exchange rate fluctuations and therefore risk, but also a year of great opportunities for exciting new investments. Even in this challenging environment the Issuer has continued to offer new products and opportunities across a wide range of investment objectives.

In the field of collective investment, all funds managed by J&T INVESTIČNÍ SPOLEČNOST, a.s. did well last year. It is worth mentioning the time-tested funds focused on investments in bonds J&T BOND CZK with a yield of 4.68% in 2020 (average yield since the beginning of operations 4.69% p.a. in 2011) and J&T MONEY CZK with a yield of 3.28% in 2020 (average yield since the beginning of operations 4.04% p.a. in 2012). However, the J&T Opportunity CZK fund was able to make the most of the opportunities created especially in the equity markets, with a yield of 12.35% for 2020 (average return since the beginning of operations 5.62% p.a. in 2000).

Since the middle of the year, the Issuer has been offering its clients a unique opportunity to invest in the new fund J&T INVESTMENTS SICAV, a.s. This fund of qualified investors targets its investments primarily in the areas of energy, real estate, media, tourism and new economy, and its investment policy builds on the J&T Group's existing highly successful track record and experience in these areas. In the first half of the year of activity alone, the fund managed to raise more than CZK 3.3 billion, which enabled it to start investing its resources effectively in promising projects.

The Issuer is further expanding its investment opportunities focused on innovative young technology companies through the J&T Ventures II fund, which builds on the successful, already more than six-year long, history of the J&T VENTURES I fund.

Another of the new funds in the offer under the name J&T Thein is ready to participate in projects and companies in the field of ICT and cyber security. As in 2020, the Issuer plans in 2021 to continue offering funds not only in the new economy area.

In cooperation with other banks (Česká spořitelna, a.s., Komerční banka, a.s. and UniCredit Bank Czech Republic and Slovakia, a.s.), the Issuer, as coordinator and co-manager of the issue, participated in the largest ever local bond issue of Energetický a průmyslový holding, a.s. ("EPH"). The issue volume of this leading Central European energy group reached a total of CZK 7.5 billion.

During the entire year, the Issuer then participated in the placement of 10 bond issues, in addition to the aforementioned EPH for other issuers such as Heureka FinCo CZ a.s. (e-commerce), Rohlik.cz Finance a.s. (online grocery sales), ENERGO-PRO Green Finance s.r.o. (energy), EUROVEA, a.s. (real estate), NUPEH CZ s.r.o. (real estate), Auctor Finance, s.r.o. (pharmacy and tourism), J&T SECURITIES MANAGEMENT PLC (finance), etc. in the total volume of approximately CZK 20 billion, of which the Issuer itself placed approximately CZK 13 billion.

In 2019, the Issuer achieved its highest ever result, with net profit after taxation of the Issuer amounting to CZK 3.16 billion for 2019. It increased by more than CZK 1 billion compared to the previous year. The Issuer closed the year with balance sheet total of CZK 151.72 billion.

In 2019, the development of the loan portfolio recorded a year-on-year decline of CZK 3.21 billion to CZK 68.32 billion, and the volume of client deposits also fell by CZK 4.45 billion to CZK 114.55 billion compared to the previous year. However, despite the decline in the volume of deposits, the total number of the Issuer's deposit

clients stabilised at 67,289 at the end of 2019. As the trend in the development of client receivables and payables was the same, there was only a minimal year-on-year change in the key indicator Loan-to-Deposit Ratio, which fell slightly below 60%.

The Issuer's equity capital increased year-on-year by CZK 21.51 billion at the end of 2019. The current year's profit, which is part of the equity capital, contributed significantly to this increase. Sufficient capital adequacy enables the Issuer to grow and develop in the coming years as well. The capital adequacy ratio on a consolidated basis reached 16.48% at the end of 2019.

The dominant components of the Issuer's operating profit are net interest income and net profit from fees and commissions. Despite the year-on-year decline in client deposits, the volume of interest expenses increased by 19.4%, which in absolute terms amounts to CZK 0.26 billion. However, the volume of interest income increased by CZK 0.42 billion, which led to an 8.1% increase in interest income. Fee and commission income reflected the impact of the Issuer's activities in the field of corporate bond issuances and sales of other investment products. The Issuer was largely able to repeat the successful result in 2018, when fee income had increased by almost 40%. Net profit from fees amounted to CZK 1.40 billion in 2019.

In 2019, the Issuer placed 17 issues with a total volume of CZK 28.8 billion. The Issuer considers it a great success that as a coordinator and co-manager of the issue it participated in the placement of bonds of the lottery company SAZKA Group a.s. The total volume of these bonds amounted to CZK 6 billion. The share of the Issuer's trades in the total trades executed on the Prague Stock Exchange increased significantly, reaching almost 14%.

Net trading profit, which reached CZK 0.66 billion in 2019, contributed significantly to the growth in operating profit. Its development at the consolidated level in individual years reflects the development of exchange rates of the Czech crown against the rouble, the dollar and the euro, revalued securities as well as the profits from securities trading.

Operating costs in 2019 increased by 12.7% to a total of CZK 2.99 billion, mainly due to an increase in personnel costs. The net provisioning of financial assets in 2019 was a revenues of CZK 0.62 billion.

After several "covid" waves that hit the world economy, a war conflict in Ukraine is taking place in 2022, which shall have a major impact on the subsequent development of the economy and shall lead to significant instability. Both the global and European economies are on the verge of great uncertainty. Inflation is at levels that have not been seen in the domestic market or in Europe for several decades. Unfortunately, price increase can be expected to persist for a longer period of time and to devalue household savings. Food and energy prices shall take a significant bite out of family budgets and consumer demand shall fall. Uncertainty about future developments shall cool firms' investment appetite. The consequence shall be a drop in the economy's growth rate and a potential transition into recession. Thus, stagflation is very likely to be the most common economic term for the next few periods.

The aforementioned uncertainties in the economy shall lead the Issuer to be more cautious in assessing new financing opportunities in 2022. Priority shall be given to developing cooperation with existing business partners – years of proven business relationships and detailed knowledge of the partner's business are important risk mitigating factors. However, the Issuer shall not resist cooperation with new partners. However, it will require a higher level of risk hedging in the case of trades with them. At the same time, it expects higher interest margins from these trades.

In 2021, the Group successfully overcame the downward trajectory of the previous year in the implementation of new corporate bond issues. However, significantly lower activity in launching new bond issues is again expected for 2022, and we also expect lower volumes of individual issues.

In terms of product offerings, the Group shall continue to prioritise offering investments that have the ability to protect and enhance investors' wealth in times of high inflation. According to the Issuer, a great potential lies

primarily in the fund for qualified investors, J&T ARCH INVESTMENTS SICAV, which focuses on private equity investments. The fund was established more than a year ago with the ambition to enable clients to invest in the businesses of the Group's long-standing business partners and grow with them. In just one year, it has become the largest fund under the Group's management and the Issuer expects strong investor interest to continue in 2022.

The Group's experience shows that many investors' portfolios are still skewed away from the ideal allocation towards short-term, price inelastic assets. However, in times of high inflation, it is the assets invested in this way that are most at risk of falling in real value. In order to better guide clients through a challenging period of high inflation and uncertainty, the Group has made the introduction of investment advisory its priority.

After careful consideration, the Group decided to expand into another market. During 2022, the Group plans to complete preparations for the opening of a foreign branch, which shall be ready to offer our deposit products from the beginning of 2023. The aim of this step is to diversify the deposit base and expand access to euro resources.

The Group is aware of the technological debt it owes to clients. Therefore, it is working intensively on the development of a new e-portal that shall bring clients not only a more modern environment, but also new tools for managing their assets. Significant investments are also being made to strengthen the Group's technical infrastructure in order to digitise and streamline other internal processes

CAPITAL RESOURCES

Information concerning the Issuer's capital resources (both short-term and long-term)²⁰

As at 31 December 2021, the Issuer was funded, on a consolidated level, by 4 principal capital resources:

- (c) equity capital in the total amount of CZK 26.22 billion, while the equity capital as "other capital funds" includes funds from issued subordinated yield certificates, the volume of which amounted to CZK 3.90 billion as at the aforementioned date;
- (d) client deposits in the total amount of CZK 154.33 billion;
- (e) deposits from banks and other financial institutions in the total amount of CZK 5.27 billion;
- (f) subordinated liabilities in the total amount of CZK 0.07 billion.

The Issuer considers equity capital, subordinated liabilities and client deposits with a maturity of 1 year or more and deposits from banks and other financial institutions over 1 year as long-term resources of capital. Deposits from banks and other financial institutions with a maturity of less than 1 year and client deposits with a maturity of less than 1 year are considered to be short-term resources of capital. Long-term sources of capital account for 45% of the Issuer's total assets at the individual level as at 31 December 2021.

An explanation of the sources and amounts of and a narrative description of the Issuer's cash flows

Equity capital

As at 31 December 2021, almost 13% of total assets were financed by equity capital, which amounted to CZK 26.2 billion, of which share capital amounted to CZK 10.6 billion and retained earnings to CZK 10.2 billion. The share capital consists of 10,637,126 ordinary shares with a nominal value of CZK 1,000 and 700,000 ordinary shares with a nominal value of CZK 1.43.

31.12.2021	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
Balance (mil CZK)	10 638	59	-1 871	11 866	174	3 897	24 763	1 460	26 223
Share of total Equity	40,6%	0,2%	-	45,3%	0,7%	14,9%	94,4%	5,6%	100,0%

Source: Consolidated annual report of the Issuer 2021

The Issuer may create special-purpose capital funds based on a decision of the Board of Directors, which shall also decide on the rules for their creation and use. The capital funds consist of the statutory reserve fund, the indivisible fund, the statutory fund and other capital funds. The Board of Directors' decision to create and use these funds is subject to the prior approval of the Supervisory Board. As at 31 December 2021, the capital funds amounted to CZK 59 million (0.2% of total equity capital). As at 31 December 2021, total equity capital reached CZK 26.2 billion (up 16.4% year-on-year).

Client deposits

In the Issuer's business model, client deposits represent the main source of funding. As at 31 December 2021, deposits from clients amounted to CZK 154.33 billion, with deposits funding 76% of total assets. The Loans and other receivables from clients / deposits from clients ratio is 60%. The Issuer benefits from a relatively broad and diversified client base, with more than 65% of total deposits at the individual level coming from retail and private banking clients. The total number of the Issuer's deposit clients reached 92,225 at the end of 2021.

Deposits in term accounts remain the Issuer's main source of funding with regard to their volume and optimal time structure (from the Issuer's perspective, term deposits, which have a relatively long time to maturity, are a

²⁰ Unless otherwise stated, the data relating to the Issuer is presented at a consolidated level.

more suitable source of funding than current accounts or deposits with notice period, where maturity can occur immediately or within a certain notice period). The average duration (i.e. the average time to maturity) of term deposits with the Issuer at the individual level is 1.2 years, after taking into account deposits with a notice period the average duration is 0.8 years. As at 31 December 2021, 39% of total deposits had a maturity over 12 months.

Deposits from banks and other financial institutions

As at 31 December 2021, 2.6% of total assets were funded by deposits from banks and other financial institutions in the total amount of CZK 5.3 billion, of which nearly 29% were liabilities to banks and 71% were sales contracts with an obligation of repurchase at a pre-specified price (repo operations).

Subordinated liabilities

Subordinated liabilities fund 0.04% of total assets and consist of subordinated term deposits maturing up to 2025 and bearing interest from 6.10% p.a. to 6.50% p.a. The subordinated liabilities have been approved by the CNB as part of capital for regulatory purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with central banks other than obligatory minimum reserve requirements, balances with other banks and short-term highly liquid financial assets with original maturity of 3 months or less. Cash and cash equivalents totalled CZK 68.0 billion as at 31 December 2021, an increase of 63.8% compared to the previous year (as at 31 December 2020: CZK 41.5 billion). The increase in cash and cash equivalents was mainly driven by an increase in loans to central banks (reverse repo operations), which rose by 73.8% to CZK 66.1 billion in 2021 (in 2020: CZK 38.1 billion).

Information regarding any restrictions on the use of capital resources

The Issuer's ability to use its capital funds is not restricted in a manner that could materially affect its operations, directly or indirectly.

Information on the borrowing requirements and funding structure

The Issuer seeks to diversify its sources of funding in relation to liquidity risk in order to reduce the degree of risk from the failure of a particular source and thus avoid problems. The Issuer monitors its liquidity position on a daily basis to identify potential liquidity problems. The analysis takes into account all the sources of funding used by the Issuer as well as the liabilities that the Issuer is obliged to pay. As part of its liquidity risk management strategy, the Issuer also holds a significant portion of its assets in highly liquid instruments such as treasury bills and similar bonds, deposits with the central bank and short-term receivables from financial institutions.

Information regarding the anticipated sources of funds needed to fulfil investment commitments

As at the Prospectus Date, the Issuer's management bodies have not committed to any material future investments or the acquisition of material tangible assets.

Information on significant changes in the structure of borrowing and funding

There have been no significant changes in the Issuer's borrowing and financing structure since the last financial year.

PROFIT FORECASTS OR ESTIMATES

The Issuer does not make any profit forecast or estimate in this Prospectus.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, REMUNERATION AND BENEFITS, PROCEDURES

General structure of the Issuer's bodies

The Issuer is a joint-stock company incorporated and existing under the laws of the Czech Republic. 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 and the Remuneration Committee.

Board of Directors

General provisions

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 represents 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, 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 (6) members. Members of the Board of Directors are elected and dismissed 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 re-election is permitted. The individual members of the Issuer's bodies have not been allocated specific sections or areas of independent executive competence.

Members of the Board of Directors

The Board of Directors of the Issuer is composed of the following persons:

Name	Title	Commencement of membership	End of term of office	Year of birth
Ing. Patrik Tkáč	Chairman of the Board of Directors	3 June 1998	22 July 2023	1973
Štěpán Ašer, MBA	Member of the Board of Directors	30 May 2006	2 June 2026	1974
Ing. Igor Kováč	Member of the Board of Directors	16 February 2011	16 February 2026	1975
Ing. Tomáš Klímíček	Member of the Board of Directors	1 December 2016	1 December 2026	1984
Ing. Jan Kotek	Member of the Board of Directors	1.1.2022	1 January 2027	1980
Ing. Anna Macaláková	Member of the Board of Directors	11 June 2018	11 June 2023	1982

The Issuer declares that no member of the Board of Directors has been convicted of a fraudulent criminal offence in the last five years, no member of the Board of Directors acting in an administrative, management or supervisory capacity or as a senior manager has been involved in any bankruptcy proceedings, administration or liquidation in the last five years, no member of the Board of Directors has been subject to any public accusation or sanction by governing or regulatory bodies (including designated professional bodies) in the last five years, and no member of the Board of Directors has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer in the last five years.

As at the Prospectus Date, the following persons are members of the Issuer's Board of Directors:

Ing. Patrik Tkáč				
Title	Chairman of the Board of Directors			
In office since	3 June 1998			
Date of birth	3 June 1973			
Residing at	Júlová 10941/32, Bratislava, Slovak Republic			
Working address	Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic			
Kinship relations	He is the son of the Chairman of the Supervisory Board Ing. Jozef Tkáč.			
Previous experience	He graduated from the Faculty of National Economy at the University of Economics in Bratislava. In 1994, he obtained a brokerage licence from the Ministry of Finance of the Slovak Republic and in the same year he became a co-founder of J&T Securities, s. r. o., an investment firm. He is a leading representative of the J&T Group and the Chairman of the Issuer's Board of Directors.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
J&T FINANCE GROUP SE	27592502	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Deputy Chairman of the Board of Directors	active
ATLANTIK finanční trhy, a.s.	26218062	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
Nadace Sirius	28418808	Prague 1, Všešrdova 560/2, Postal Code 11800	Founder	active
Nadace J&T	27162524	Malostranské nábřeží 563/3, 118 00 Prague 1	Member of the Management Board, founder	active
CZECH NEWS CENTER a.s.	2346826	Komunardů 1584/42, 170 00 Prague 7	Chairman of the Supervisory Board	active
J&T Family Office, a.s.	3667529	Malostranské nábřeží 563/3, 118 00 Prague 1	Member of the Supervisory Board	active
J&T IB and Capital Markets, a.s.	24766259	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
CZECH MEDIA INVEST, a.s.	24817236	Pařížská 130/26, Josefov, 110 00 Prague 1	Member of the Supervisory Board	active

J&T Wine Holding SE	06377149	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Board of Directors	active
J&T ENERGY FINANCING CZK I, a.s.	06433855	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T ENERGY FINANCING CZK II, a.s.	06433901	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T ENERGY FINANCING CZK III, a.s.	07084030	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T ENERGY FINANCING CZK IV, a.s.	07381158	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T CAPITAL INVESTMENTS, a.s.	10913203	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
J&T CAPITAL PARTNERS, a.s.	10942092	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Board of Directors	active
J&T ENERGY FINANCING EUR I, a.s.	51142074	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR II, a.s.	51143062	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR III, a.s.	51579642	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR IV, a.s.	51479982	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR V, a.s.	51888777	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR VI, a.s.	52312305	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR VII, a.s.	52396274	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR VIII, a.s.	52491218	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR IX, a.s.	52491196	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active
J&T ENERGY FINANCING EUR X, a.s.	52661261	Dúbravská cesta 14, Bratislava - city district of Karlova Ves 841 04	Member of the Supervisory Board	active

Bermont94, a.s.	07234660	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
EP Global Commerce, a.s.	05006350	Pařížská 130/26, Josefov, 110 00 Prague 1	Chairman of the Supervisory Board	active
J&T INVESTMENTS SICAV, a.s.	08800693	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Management Board	active
J&T banka d.d.	675539	Međimurska ulica 28, 42000 Varaždin, Croatia	Member of the Supervisory Board	inactive
PBI, a.s.	03633527	Sokolovská 394/17, Karlín, 186 00 Prague 8	Member of the Board of Directors	inactive
Stamina Private Equity Investments a.s.	03841669	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	inactive

From the perspective of the Issuer, Ing. Patrik Tkáč owns significant qualifying holdings (according to the Act on Banks) in the following companies:

Bermon94 a.s., Company ID No.: 07234660, Prague 8, Pobřežní 297/14, Postal Code 186 00;

J&T ENERGY FINANCING LIMITED, Company ID No.: HE369836, Klimentos 41-43, KLIMENTOS TOWER, Floor 2, Flat 23, 1061, Nicosia, Republic of Cyprus;

SANJEENA INVESTMENTS LIMITED, Company ID No.: HE370020, Klimentos 41-43, KLIMENTOS TOWER, Floor 2, Flat 23, 1061, Nicosia, Republic of Cyprus;

J&T PRIVATE EQUITY GROUP LIMITED, Company ID No.: HE 327810, Klimentos, 41-43, KLIMENTOS TOWER, 2nd floor, Flat/Office 23, P.C. 1061, Nicosia, Republic of Cyprus; and

E-Commerce and Media Investments, a.s., Company ID No.: 8804095, Pobřežní 297/14, 186 00 Prague 8.

The Issuer considers these activities to be significant from its point of view; other activities of Mr. Ing. Patrik Tkáč are no longer considered significant by the Issuer.

Štěpán Ašer, MBA	
Title	Member of the Board of Directors
In office since	30 May 2006
Date of birth	6 May 1974
Residing at	Prague 3, Pod Lipami 2558/39, Czech Republic
Working address	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience	He is a graduate of the School of Business and Public Management at George Washington University in Washington, 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 responsible for portfolio management and sales. At Česká spořitelna he briefly specialised in asset management for institutional clients. He has been working for the Issuer since 2003.

He is also active or has been active in the last 5 years in the following companies:

Company	ID No.	Registered office	Title	Status
J&T FINANCE GROUP SE	27592502	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Board of Directors	active
J&T INVESTIČNÍ SPOLEČNOST, a.s.	47672684	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T IB and Capital Markets, a.s.	24766259	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
J&T SERVICES ČR, a.s.	28168305	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T Bank a.o.	102773912 1651	Kadashevskaya nab. 26, 115035 Moskva, Russian Federation	Member of the Board of Directors	active
J&T Leasingová společnost, a.s.,	28427980	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
J&T Mezzanine, a.s.,	06605991	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
Association of unit owners Řehořova 1025, Prague 3	28951981	Řehořova 1025, 130 00 Prague 3	Chairman	active
J&T banka d.d.	675539	Medimurska ulica 28, 42000 Varaždin, Croatia	Member of the Supervisory Board	inactive
PBI, a.s.	03633527	Sokolovská 394/17, Karlín, 186 00 Prague 8	Member of the Supervisory Board	inactive
ATLANTIK finanční trhy, a.s.	26218062	Sokolovská 700/113a, Karlín, 186 00 Prague 80	Chairman of the Board of Directors	inactive

From the perspective of the Issuer, Štěpán Ašer, MBA does not own any qualifying holdings (according to the Act on Banks) in companies that the Issuer would consider significant.

Ing. Igor Kováč	
Title	Member of the Board of Directors
In office since	16 February 2011
Date of birth	26 April 1975
Residing at	Nižný Žipov, Školská 63/30, Slovak Republic
Working address	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience	He 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.

He is also active or has been active in the last 5 years in the following companies:

Company	ID No.	Registered office	Title	Status
J&T FINANCE GROUP SE	27592502	Prague 8, Sokolovská 700/113a, Postal Code 186 00	Member of the Board of Directors	active
J&T Leasingová společnost, a.s.	28427980	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T SERVICES ČR, a.s.	28168305	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T INVESTIČNÍ SPOLEČNOST, a.s.	47672684	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T IB and Capital Markets, a.s.	24766259	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T Mezzanine, a.s.	06605991	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T Bank a.o.	10277391 21651	Kadashevskaya nab. 26, 115035 Moskva, Russian Federation	Member of the Board of Directors	active
J&T banka d.d.	675539	Medimurska ulica 28, 42000 Varazdin, Croatia	Member of the Supervisory Board	active

From the perspective of the Issuer, Ing. Igor Kováč owns significant qualifying holdings (according to the Act on Banks) in the following companies:

J&T Sport Team ČR, s.r.o., Company ID No.: 24215163, Sokolovská 700/113a, Karlín, 186 00 Prague 8.

The Issuer considers these activities to be significant from its point of view; other activities of Mr. Ing. Igor Kováč are no longer considered significant by the Issuer.

Ing. Tomáš Klimíček				
Title	Member of the Board of Directors			
In office since	1 December 2016			
Date of birth	18 January 1984			
Residing at	V Hůrce 22/28, Zábřeh, 700 30 Ostrava			
Working address	Prague 8, Sokolovská 700/113a, Postal Code 186 00			
Previous experience	He 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. In 2008-2011 he worked at PricewaterhouseCoopers Audit, s.r.o. Since 2011 he has been working for the Issuer and since 2012 as the Director of Credit Risk Management.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
J&T Bank, a.o.	10277391 21651	Kadashevskaya nab. 26, 115035 Moskva, Russian Federation	Member of the Board of Directors	active
J&T Leasingová společnost, a.s.,	28427980	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Dvořákovo nábrežie 8, Bratislava – city district of Staré Město 811 02, Slovak Republic	Member of the Supervisory Board	active
From the perspective of the Issuer, Ing. Tomáš Klimíček does not own any significant qualifying holdings (according to the Act on Banks) and does not perform any other significant activities.				

Ing. Jan Kotek	
Title	Member of the Board of Directors
In office since	1 January 2022
Date of birth	1 October 1980
Residing at	K sopce 1704/1, Stodůlky, 155 00 Prague 5
Working address	Prague 8, Sokolovská 700/113a, Postal Code 186 00

Previous experience	He is a graduate of the University of Economics in Prague. Since the beginning of his professional career he has been in the financial industry. He has been with the J&T Group since 2010, where he first held the position of Director of Credit Risk Management at J&T BANKA, a.s. 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 J&T BANKA, a.s. and in January 2022 he also became a Member of the Board of Directors.
----------------------------	---

He is also active or has been active in the last 5 years in the following companies:

Company	ID No.	Registered office	Title	Status
Equity Holding, a.s.	10005005	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Board of Directors	active
J&T Global Finance X., s.r.o.	07402520	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
J&T Global Finance III., s.r.o.	06062831	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
J&T Mezzanine, a.s.	06605991	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Board of Directors	active
365.bank, a. s.	31340890	Dvořákovo nábrežie 4, Bratislava 811 02, Slovak Republic	Member of the Supervisory Board	active
J&T Global Finance IX., s.r.o.	51836301	Dvořákovo nábrežie 8, Bratislava 811 02, Slovak Republic	Executive	active

From the perspective of the Issuer, Ing. Jan Kotek does not own any significant qualifying holdings (according to the Act on Banks) and does not perform any other significant activities.

Ing. Anna Macaláková	
Title	Member of the Board of Directors and head of the organisational unit
In office since	11 June 2018
Date of birth	18 April 1982
Residing at	Bratislava, Tramínová 12756/3, Slovak Republic

Working address	Bratislava, Dvořákovo nábrežie 8, Slovak Republic			
Previous experience	She 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 Bank's Bratislava branch, where she held various positions. Currently, she works at the Bank as the Head of the organisational unit of J&T BANKA, a.s., a foreign bank branch in Bratislava.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Dvořákovo nábrežie 8, 811 02 Bratislava	Chairman of the Board of Directors	active
Apartmány Valčianska dolina, s. r. o.	52444694	Agátová 3406/7A, 841 02 Bratislava	Executive	inactive
From the perspective of the Issuer, Ing. Anna Macaláková does not own any significant qualifying holdings (according to the Act on Banks) and does not perform any other significant activities.				

Supervisory Board

General provisions

The Supervisory Board is an independent inspection 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 implementation. According to the Articles of Association, the Supervisory Board has 6 members, of which 2/3 (4 members) are elected by the General Meeting and 1/3 (2 members) are elected by the Issuer's employees. Members of the Supervisory Board are appointed to a five-year term, and re-election is permitted.

Name	Title	Commencement of membership	End of term of office	Year of birth
Ing. Jozef Tkáč	Chairman of the Supervisory Board	3 June 1998	15 October 2023	1950
Ing. Ivan Jakobovič	Deputy Chairman of the Supervisory Board	3 June 1998	15 October 2023	1972
Ing. Dušan Palcr	Member of the Supervisory Board	15 June 2004	15 October 2023	1969
Mgr. Jozef Šepetka	Member of the Supervisory Board	9 September 2008	15 October 2023	1969
Jitka Šustková	Member of the Supervisory Board	10 December 2018	10 December 2023	1980
Ing. Tomáš Janík	Member of the Supervisory Board	10 December 2018	10 December 2023	1979

The Supervisory Board oversees the exercise of the competence of the Board of Directors and the Issuer's activities.

None of the members of the Issuer's Supervisory Board performs any activities outside the Issuer that would be material to the Issuer.

The Issuer declares that no member of the Supervisory Board has been convicted of a fraudulent criminal offence in the last five years, no member of the Supervisory Board acting in an administrative, management or supervisory capacity or as a senior manager has been involved in any bankruptcy proceedings, administration or liquidation in the last five years, no member of the Supervisory Board has been subject to any public accusation or sanction by governing or regulatory bodies (including designated professional bodies) in the last five years, and no member of the Supervisory Board has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer in the last five years.

Members of the Supervisory Board

As at the Prospectus Date, the following persons are members of the Issuer's Supervisory Board:

Ing. Jozef Tkáč	
Title	Chairman of the Supervisory Board (not an employee of the Issuer)
In office in the Supervisory Board since	3 June 1998
Term of office until:	15 October 2023
Date of birth:	16 June 1950
Residing at:	Júlová 10941/32, Bratislava, Slovak Republic
Working address:	Bratislava, Dvořákovo nábrežie 8, Slovak Republic
Kinship relations:	He is the father of the Chairman of the Board of Directors Ing. Patrik Tkáč
Previous experience:	After graduating from the University of Economics, he joined the Main Institute of the State Bank of Czechoslovakia in Bratislava. In 1989, the Slovak government and the management of the State Bank of Czechoslovakia entrusted him with the preparation of the activities of an investment bank in Slovakia. In 1990, he became the Chief Director of the Main Institute for the Slovak Republic at Investiční banka, s.p.ú., Praha, and after the privatisation and division of Investiční banka Praha he became the President of Investiční a rozvojová banka, a. s., in Bratislava. After the change of the bank's owners and the completion of the privatisation of Investiční a rozvojová banka, a. s., he established himself in the J&T Group as the President of the J&T Group and the Chairman of the Board of Directors of J&T FINANCE GROUP SE.

He is also active or has been active in the last 5 years in the following companies:

Company	ID No.	Registered office	Title	Status
365.bank, a.s.	31340890	Dvořákovo nábrežie 4, Bratislava 811 02	Member of the Supervisory Board	active
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Dvořákovo nábrežie 8, 811 02 Bratislava	Chairman of the Supervisory Board	active
Geodezie Brno, a.s. in liquidation	46345906	Brno, Dornych 47, Postal Code 60200	Chairman of the Supervisory Board	active
J&T FINANCE GROUP SE	27592502	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Board of Directors	active
ATLANTIK finanční trhy, a.s.	26218062	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
Nadace J&T	27162524	Malostranské nábreží 563/3, 118 00 Prague 1	Member of the Management Board	active
Equity Holding, a.s.	10005005	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Board of Directors	active
J&T SERVICES ČR, a.s.	28168305	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
J&T Investment Pool - I- SKK, a. s.	35888016	Dvořákovo nábrežie 8, 811 02, Bratislava	Deputy Chairman of the Board of Directors	inactive

Ing. Ivan Jakabovič	
Title	Deputy Chairman of the Supervisory Board (not an employee of the Issuer)
In office in the Supervisory Board since	3 June 1998
Term of office until:	15 October 2023
Date of birth:	8 October 1972
Residing at:	98000 MONACO, 32 rue COMTE FELIX GASTALDI, Principality of Monaco
Working address:	Bratislava, Dvořákovo nábrežie 8, Slovak Republic

Previous experience:	He graduated from the Faculty of Economic Informatics of the University of Economics in Bratislava. He obtained a brokerage licence from the Ministry of Finance of the Slovak Republic. In 1994, he co-founded J&T Securities, s.r.o., an investment firm.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
J&T FINANCE GROUP SE	27592502	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Deputy Chairman of the Board of Directors	active
J & T Securities, s.r.o.	31366431	Dvořákovo nábřeží 8, Bratislava 811 02	Executive	active
KOLIBA REAL a.s.	35725745	Dvořákovo nábřeží 8, Bratislava 811 02	Chairman of the Board of Directors	active
EP Power Europe, a.s.	27858685	Pařížská 130/26, Josefov, 110 00 Prague 1	Member of the Supervisory Board	active
J&T CAPITAL PARTNERS, a.s.	10942092	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
EP Industries, a.s.	29294746	Pařížská 130/26, Josefov, 110 00 Prague 1	Member of the Supervisory Board	inactive
Energetický a průmyslový holding, a.s.	28356250	Pařížská 130/26, Josefov, 110 00 Prague 1	Chairman of the Supervisory Board	inactive

Ing. Dušan Palcr	
Title	Member of the Supervisory Board (not an employee of the Issuer)
In office in the Supervisory Board since	15 June 2004
Term of office until:	15 October 2023
Date of birth:	3 April 1969
Residing at:	Brno-Kohoutovice, Chopinova 304/3, Czech Republic
Working address:	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience:	He graduated from the Faculty of Business and Economics of the University of Agriculture in Brno. In 1995-1998 he worked in the CNB's banking supervision. He has been with the J&T Group since

1998. He was a member of the Issuer's Board of Directors, in charge of the economic and banking operations department.

He is also active or has been active in the last 5 years in the following companies:

Company	ID No.	Registered office	Title	Status
J&T Sport Team ČR, s.r.o.	24215163	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
J&T FINANCE GROUP SE	27592502	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Deputy Chairman of the Board of Directors	active
AC Sparta Praha fotbal, a.s.	46356801	Tř. Milady Horákové 1066/98, 170 00 Prague 7	Chairman of the Supervisory Board	active
Nadace J&T	27162524	Malostranské nábřeží 563/3, 118 00 Prague 1	Member of the Management Board	active
Karlín development II. s.r.o.,	28161980	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
MS Trnitá 4, a.s.	05783216	třída Kpt. Jaroše 1922/3, Černá Pole, 602 00 Brno	Member of the Supervisory Board	active
J&T REAL ESTATE CZ, a.s.	28255534	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Board of Directors	active
GLOBDATA a.s.	05642361	Na Příkopě 393/11, 110 00, Prague 1	Member of the Supervisory Board	active
Doblecon a.s.	07015381	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Member of the Supervisory Board	active
I. Český Lawn - Tennis Klub Praha	45243077	Ostrov Štvanice reg. no. 38, 170 00 Prague 7	Member of the Executive Committee	active
Česká rugbyová unie, z.s.	00540706	U Vojtěšky 11, 162 00 Prague 6	President of the Executive Committee	active
Invictus development s.r.o.	07295049	Stýblova 2352/30a, 149 00 Prague 4	Chairman of the Supervisory Board	active
RAILSCANNER, s.r.o.	07842511	Světova 523/1, 180 00 Prague 8	Chairman of the	active

			Supervisory Board	
JTZE a.s.	08839662	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Chairman of the Supervisory Board	active
J&T REAL ETATE ENGINEERING, s.r.o.	14319535	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
MeasureTake s.r.o.	07209533	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
Alvadose s.r.o.	11773189	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
Baunario s.r.o.	11773430	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
Menmar s.r.o.	13976257	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
J & T REAL ESTATE ENGINEERIN, s.r.o.	14319535	Sokolovská 700/113a, Karlín, 186 00 Prague 8	Executive	active
Skytoll CZ s.r.o. in liquidation	03344584	Pobřežní 297/14, Karlín, 186 00 Prague 8	Executive	inactive

Mgr. Jozef Šepetka	
Title	Member of the Supervisory Board
In office in the Supervisory Board since	9 September 2008
Term of office until:	15 October 2023
Date of birth:	4 June 1969
Residing at:	Prague 6, Zikova 5, Czech Republic
Working address:	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience:	He graduated from the Faculty of Law of Charles University. Since 1990 he has worked in the field of state administration – for example, from 1992 he worked at the Ministry of Foreign Affairs of the Czech Republic. He joined the Issuer in 1998 as a consultant.
He has not worked in any other companies in the past 5 years.	

Ing. Tomáš Janík				
Title	Member of the Supervisory Board elected by the employees			
In office in the Supervisory Board since	10 December 2018			
Term of office until:	10 December 2023			
Date of birth:	14 March 1979			
Residing at:	90027 Bernolákovo, Poľná 12, Slovak Republic			
Working address:	Bratislava, Dvořákovo nábrežie 8, Slovak Republic			
Previous experience:	He graduated from the University of Economics in Bratislava, Faculty of National Economy. He has been working at the bank since 2016. In December 2018, he was elected to the position of a Member of the Supervisory Board by the Issuer's employees.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	53859111	Dvořákovo nábrežie 8, 811 02 Bratislava	Member of the Board of Directors	active
STAVKONZULT s.r.o.	03938921	Revoluční 1403/28, Nové Město, 110 00 Prague 1	Executive	inactive

Jitka Šustová	
Title	Member of the Supervisory Board elected by the employees
In office in the Supervisory Board since	10 December 2018
Term of office until:	10 December 2023
Date of birth:	4 August 1980
Residing at:	Kladenská 542/38, Vokovice, 160 00 Prague 6
Working address:	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience:	He has worked at the bank since 1998. Since then, she has held many positions within the economic department and currently holds the position of Director of the Economic Department. In December 2018, she was elected to the position of a Member of the Supervisory Board by the Issuer's employees.
She has not worked in any other companies in the past 5 years.	

Audit Committee

General provisions

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 Company established an Audit Committee as at 1 July 2016.

The Audit Committee is a corporate 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 Issuer's inspection body to ensure the integrity of the accounting and financial reporting systems. It further recommends the auditor to the inspection body, with due justification for this recommendation.

The Audit Committee consists of three members elected and dismissed by the General Meeting. The majority of the members of this Committee must be independent of the Company and must be professionally qualified. The term of office is three years and re-election is permitted.

Members of the Audit Committee

As at the Prospectus Date, the following persons are members of the Issuer's Audit Committee:

Ing. Pavel Závitkovský				
Title	Chairman of the Committee			
In office since	1 July 2017			
Date of birth	19 July 1955			
Residing at	Hyacintová 3266/9, Záběhllice, 106 00 Prague 10			
Working address	Hyacintová 3266/9, Záběhllice, 106 00 Prague 10			
Previous experience	He graduated from the University of Economics in Prague. He worked for KPMG for almost 25 years and is currently a statutory auditor.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
Českomoravská záruční a rozvojová banka, a.s.	44848943	Prague 1, Jeruzalémská 964/4, Postal Code 11000	Chairman of the Supervisory Board	active
Par System, a.s.	28986181	Praha 6 - Dejvice, Na Fišerce 19/19, Postal Code 16000	Member of the Supervisory Board	active
Nadace Charty 77	00417904	Melantrichova 504/5, Staré Město, 110 00 Praha 1	Member of the Supervisory Board	inactive

Ing. Jakub Kovář				
Title	Committee member			
In office since	1 July 2017			
Date of birth	2 May 1973			
Residing at	Sokolovská 454/126, Prague 8 – 186 00			
Working address	NEXIA AP a.s., Sokolovská 5/49, Prague 8 – 186 00			
Previous experience	He graduated from the University of Economics in Prague. He has worked in auditing since 1997 within the PKF network and subsequently at NEXIA International. For the past 5 years he has been the Deputy Chairman of the Board of Directors of the auditing company NEXIA AP a.s., auditor certificate no. 1959. Among other things, he has experience of serving in audit committees of SVZ.			
He is also active or has been active in the last 5 years in the following companies:				
Company	ID No.	Registered office	Title	Status
NEXIA AP, a.s.	48117013	Praha 8 - Karlín, Sokolovská 5/49, Postal Code 18600	Deputy Chairman of the Board of Directors	active
BD Sokolovská 454/126, cooperative	02008858	Prague 8 - Karlín, Sokolovská 454/126, Postal Code 18600	Deputy Chairman of the Board of Directors	active
Nadační fond Rovná šance	28903366	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Chairman of the Management Board and co-founder	active
NAP Holding a.s.	24822531	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Deputy Chairman of the Board of Directors	active
PRAGUE TAX SERVICES, a.s.	27202453	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Deputy Chairman of the Board of Directors	active
UNIVERSAL ACCOUNT SERVICES, s.r.o.	25644955	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Executive	active
INTERNATIONAL ACCOUNTING SERVICES, s.r.o.	26718197	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Executive	active
PRAGUE ACCOUNTING SERVICES s.r.o.	25094921	Prague 8 - Karlín, Sokolovská 5/49, Postal Code 186 00	Executive	active

Ing. Dušan Palcr	
Title	Committee member
In office since	1 July 2017
For further information, the Issuer refers to the relevant section of this Prospectus, which state more detailed information on Mr. Ing. Dušan Palcr, such as date of birth, residence, working address, kinship relations and previous experience, namely on pages 112, 113 and 114 of this Prospectus.	

The Issuer declares that no member of the Audit Committee has been convicted of a fraudulent criminal offence in the last five years, no member of the Audit Committee acting in an administrative, management or supervisory capacity or as a senior manager has been involved in any bankruptcy proceedings, administration or liquidation in the last five years, no member of the Audit Committee has been subject to any public accusation or sanction by governing or regulatory bodies (including designated professional bodies) in the last five years, and no member of the Audit Committee has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer in the last five years.

Remuneration Committee

General provisions

The Remuneration Committee was established by the Issuer as an advisory body to the Supervisory Board on the remuneration system and principles. The Remuneration Committee develops the policy of remuneration for the Issuer's employees. It also consults the proposed policy with the other departments responsible for inspecting the companies comprising the Prudential Consolidation Group and other departments of the internal control function established by the individual companies. It then submits these proposals to the Boards of Directors of the individual companies for comment and subsequently submits them to the Supervisory Boards of the companies, if established, for approval. The Remuneration Committee is also responsible for overseeing the remuneration policy and its application. The Remuneration Committee also submits proposals concerning the remuneration of Members of the Board of Directors to the company's General Meeting for approval and oversees the individual remuneration of key personnel in internal control functions and makes recommendations on their remuneration to the Supervisory Board of the company. This Committee is also involved in evaluating the effectiveness and efficiency of the remuneration system.

The Remuneration Committee has at least 3 members, who are appointed and dismissed by the Supervisory Board.

Members of the Remuneration Committee

As at the Prospectus Date, the following persons are members of the Issuer's Remuneration Committee:

Ing. Ivan Jakobovič	
Title	Chairman of the Committee
In office since	1 July 2016
For further information, the Issuer refers to the relevant section of this Prospectus, which state more detailed information on Mr. Ing. Ivan Jakobovič, such as date of birth, residence, working address, kinship relations and previous experience, namely on page 111 and 112 of this Prospectus.	

Ing. Pavel Závitkovský	
Title	Committee member
In office since	1 July 2017
For further information, the Issuer refers to the relevant section of this Prospectus, which state more detailed information on Mr. Ing. Pavel Závitkovský, such as date of birth, residence, working address, kinship relations and previous experience, namely on page 116 of this Prospectus.	

Ing. Eva Vinšová	
Title	Committee Member
In office since	1 July 2016
Date of birth	4 July 1974
Residing at	Nejedlého 525, 338 08 Zbiroh
Working address	Prague 8, Sokolovská 700/113a, Postal Code 186 00
Previous experience	She graduated from the Institute of Law and Social Sciences, where she received her MBA degree. She has been with the J&T Group since 2002.
Ms. Eva Vinšová is not active and has not been active in any other company in the past 5 years.	

Conflict of interest at the level of administrative, management and supervisory bodies

The Issuer is not aware of any material potential conflict of interest between the duties of the Members of the Board of Directors, the Members of the Supervisory Board, the Audit Committee or the Remuneration Committee of the Issuer in relation to the Issuer and their private interests or other duties. The Issuer's internal regulations in force contain effective measures to avoid any, even only potential, conflict of interest of the above-mentioned persons.

Bonuses and benefits

For 2021, the Issuer paid bonuses for the performance of the office to the members of the Issuer's Supervisory Board in the amount of CZK 0.16 million. The Members of the Board of Directors were paid the bonus of CZK 2.4 million for the performance of their office. The Issuer's subsidiaries did not pay any bonuses for the performance of their office to the members of the Issuer's Board of Directors or the Supervisory Board for 2021.

For 2021, the Issuer paid a total of CZK 642 thousand to the members of the Audit Committee and a total of CZK 401 thousand to the members of the Remuneration Committee.

Neither the Issuer, nor its subsidiaries provide supplementary pension contributions or other similar benefits.

The Issuer declares that the members of the administrative, management, supervisory bodies of the Issuer and its subsidiaries do not have special benefits associated with the termination of activities.

Compliance with the corporate governance regime

The Issuer's activities are governed by Czech law and the general principles of good corporate governance reflected therein. The Issuer does not use any specific voluntary good corporate governance regime in the Czech Republic. In its corporate governance, the Issuer applies 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.

Potential significant impacts on corporate governance

The Issuer is not aware of any potential material impact on the good governance of the Issuer, including future changes in the composition of its bodies and committees.

EMPLOYEES

Number and structure of employees

As at 31 December 2021, the total number of employees of the Issuer's Group (full-time equivalent employees) was 884, of which 447 were employed by the Issuer and 437 were employed by subsidiaries and affiliates of the Issuer's Group. As at 31 December 2020, the total number of employees of the Issuer's Group (full-time equivalent employees) was 827, of which 427 were employed by the Issuer and 400 were employed by subsidiaries and affiliates of the Issuer's Group. As at 31 December 2019, the total number of employees of the Issuer's Group (full-time equivalent employees) was 903, of which 415 were employed by the Issuer and 488 were employed by subsidiaries and affiliates of the Issuer's Group.

	31.12.2021	31.12.2020	31.12.2019
Employees Total	884	827	903
<i>of which</i>			
Unit Sales CR	107	109	110
Unit Operation CR	67	60	58
Unit Slovak Republic	118	106	105
Unit Lending Business	14	11	11
Unit Financial Markets	46	40	35
Unit Finance	49	55	55
Unit Administration	8	8	9
Unit Information Systems	70	62	62
Unit Risk Management	45	42	42
Subsidiaries, other:	360	333	417
<i>of which</i>			
CZ	494	467	440
SK	161	149	148
unallocated	229	211	315

Source: Issuer's internal records

Shareholdings and share options

None of the members of the administrative, management and supervisory bodies holds any shares in the Issuer or any options relating to the Issuer's shares. Josef Tkáč (Member of the Supervisory Board) and Ivan Jakobovič (Member of the Supervisory Board and Member of the Remuneration Committee) each hold 45.05% of the share capital and voting rights of J&T FINANCE GROUP SE, which is the sole shareholder of the Issuer.

Arrangements for participation in the Issuer's capital

No employee is part of any arrangement to participate in the capital of the Issuer.

For 2021, the Issuer paid bonuses for the performance of the office to the members of the Issuer's Supervisory Board in the amount of CZK 0.16 million. The Members of the Board of Directors were paid the bonus of CZK 2.4 million for the performance of their office. The Issuer's subsidiaries did not pay any bonuses for the performance of their office to the members of the Issuer's Board of Directors or the Supervisory Board for 2021.

MAIN SHAREHOLDERS

Shareholders

The sole shareholder of the Issuer is J&T FINANCE GROUP SE. J&T FINANCE GROUP SE is the holding company under which the J&T Group's banking investments are concentrated. J&T FINANCE GROUP SE is jointly controlled by Jozef Tkáč with 45.05% of the share capital and voting rights and Ivan Jakabovič with 45.05% of the share capital and voting rights. At the same time, J&T FINANCE GROUP SE owns a non-controlling interest of 9.9% in the share capital and voting rights of Rainbow Wisdom Investments Limited, which is controlled by the Chinese group CITIC Group Corporation.

Different voting rights of shareholders

Each share carries the same voting rights. The number of votes attached to each share of the Issuer is determined on the basis of the proportion of the share capital.

Nature of control over the Issuer and mechanisms adopted to prevent abuse

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, such as may be the case with contractual arrangements.

In accordance with Section 8b of the Act on Banks and the Prudential Decree, 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 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 the existing 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)
- 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 auditor.

Known arrangements that may result in a change of control over the Issuer

The Issuer is not aware of any mechanisms or arrangements that could lead to a change in the control over the Issuer.

RELATED PARTY TRANSACTIONS

Transactions with related parties are categorised as follows:

- I. Parent company J&T FINANCE GROUP SE.
- II. Majority owners of J&T FINANCE GROUP SE Jozef Tkáč and Ivan Jakabovič and the companies they control. These companies do not publish consolidated financial statements that would include the Group, with the exception of J&T FINANCE GROUP SE.
- III. Subsidiaries. This category includes subsidiaries of J&T FINANCE GROUP SE outside the Group, which are included in its financial statements.
- IV. Affiliates and joint ventures. This category includes transactions with affiliates and joint ventures of J&T FINANCE GROUP SE and the Group.
- V. Key management employees of the Group or its parent company and the companies that these key management employees control or co-control. This category includes related parties that are connected to the Group through key management employees of the Group or its parent companies, and companies they control or co-control.

Transactions with related parties were carried out on standard market terms and in compliance with the Issuer's business terms and conditions. The following tables present the outstanding balances and a summary of the Group's related party transactions.

On-balance and off-balance at 31. 12. 2021

in mil CZK	I.	II.	III.	IV.	V.	Total
Receivables	4	184	1 447	789	867	3 291
Liabilities	5 742	392	953	508	496	8 091
Granted guarantees	-	-	-	-	1	1
Received guarantees	-	-	42	-	-	42
Provided loan commitments	1 417	1	100	799	37	2 354
Received collateral	-	135	313	647	162	1 257
Profit / loss items for period ended 31/12/2021						
Expenses	(1 048)	(1)	(1 474)	-	(44)	(2 567)
Income	853	8	1 240	62	129	2 292

Source: Consolidated annual report of the Issuer 2021

On-balance and off-balance at 31. 12. 2020

in mil CZK	I.	II.	III.	IV.	V.	Total
Receivables	219	117	2 156	793	1 197	4 483
Liabilities	765	116	1 367	80	987	3 315
Granted guarantees	-	-	-	-	6	6
Received guarantees	-	-	42	-	-	42
Provided loan commitments	116	1	88	-	33	238
Provided collateral	-	-	18	-	-	18
Received collateral	-	48	330	793	550	1 720
Profit / loss items for period ended 31/12/2020						
Expenses	(1 078)	-	(1 726)	-	(144)	(2 948)
Income	1 162	4	1 370	72	133	2 741

Source: Consolidated annual report of the Issuer 2020

The related parties are listed above. Receivables from related parties consist mainly of granted loans and overdrafts. Liabilities to related parties consist mainly of demand, term, savings and tied deposits. Revenues and costs are mainly made up of profit/loss on currency derivatives, interest income, fee income and commissions for arranging issues.

Share of related party transactions in the Issuer's total turnover

%	2021	2020	2019
Revenues	27%	39%	28%

Source: Consolidated annual report of the Issuer 2021

The above ratio of related party transactions to the Issuer's total turnover is defined as the ratio of related party transaction income to total interest, fee and other operating income. As at 31 December 2021, this ratio was 27%.

FINANCIAL INFORMATION CONCERNING ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Historical financial data

The Issuer's full financial information for 2021, including comparative information for 2020 and 2019 in the form of the Issuer's audited consolidated financial statements prepared in accordance with the Act on Accounting and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, is incorporated by reference in this Prospectus (see "*Information incorporated by reference*" chapter of this Prospectus).

The following financial information is derived from the Issuer's audited consolidated financial statements for 2021, including comparative figures for 2021 and 2020. All have been prepared in accordance with International Accounting Standards (IFRS) as adopted by the EU.

Consolidated statement of financial position (in mil. CZK)

Assets	2021	2020	2019
Cash and cash equivalents	68 011	41 519	59 834
Due from banks and other financial institutions	5 933	2 351	1 455
Positive fair value of derivatives	1 140	1 063	978
Loans and advances to customers at amortised cost	93 154	98 795	68 320
Loans and advances to customers at fair value through profit or loss	14	–	–
Financial assets for trading	3 998	8 353	3 055
Financial assets mandatorily at fair value through profit or loss	8 715	8 941	7 736
Financial assets at fair value through other comprehensive income	6 800	7 079	7 091
Financial assets at amortised cost	4 759	228	287
Disposal groups held for sale	114	520	133
Investment in associates and joint ventures	939	701	536
Current income tax receivable	174	143	27
Deferred tax asset	326	382	267
Investment property	830	793	429
Property, plant and equipment	2 351	2 493	498
Intangible assets	182	135	123
Goodwill	37	33	33
Prepayments, accrued income and other assets	5 774	1 508	920
Total assets	203 251	175 037	151 722

Liabilities	2021	2020	2019
Deposits and loans from banks	5 272	2 437	4 838
Deposits from customers	154 330	138 620	114 551
Negative fair value of derivatives	1 699	764	582
Subordinated debt	73	224	809
Disposal groups held for sale	–	1	–
Current income tax liability	30	7	218
Deferred tax liability	82	99	108
Provisions	1 404	1 561	1 379
Financial liabilities at fair value through profit or loss	459	30	–
Other liabilities	13 679	8 757	7 723
Total liabilities	177 028	152 500	130 208
Share capital	10 638	10 638	10 638
Retained earnings and other reserves	10 228	8 222	7 473
Other equity instruments	3 897	2 597	2 597
Equity	24 763	21 457	20 708
Non-controlling interest	1 460	1 080	806
Total equity	26 223	22 537	21 514
Total equity and liabilities	203 251	175 037	151 722

Source: Consolidated annual report of the Issuer 2021, 2020 and 2019

Consolidated statement of comprehensive income

in mil CZK	2021	2020	2019
Interest income	6 199	5 315	5 562
Interest expense	(1 734)	(1 641)	(1 602)
Net interest income	4 465	3 674	3 960
Fee and commission income	1 953	1 532	1 644
Fee and commission expense	(348)	(329)	(247)
Net fee and commission income	1 605	1 203	1 397
Net change in loss allowances for financial assets at fair value through other comprehensive income	6	(95)	(29)
Net trading income	(133)	985	657
Gain from bargain purchase	–	–	136
Other operating income	207	139	198
Operating income	6 150	5 906	6 319
Personnel expenses	(1 348)	(1 366)	(1 558)
Other operating expenses	(1 387)	(1 401)	(1 253)
Depreciation and amortisation	(188)	(161)	(177)
Operating expenses	(2 923)	(2 928)	(2 988)
Profit before allowances, provisions and income tax	3 227	2 978	3 331
Net change in provisions for off-balance sheet items and other financial activities	–	(89)	81
Net change in allowances for impairment of financial assets at amortised cost	(578)	(1 056)	567
Profit before tax, excluding profit from equity accounted investees	2 649	1 833	3 979
Profit/Loss from equity accounted investees, net of tax	654	169	(1)
Profit before tax	3 303	2 002	3 978
Income tax	(499)	(336)	(822)
Profit for the period	2 804	1 666	3 156

Attributable to:

Shareholders of the parent company	2 277	1 538	3 173
Non-controlling interest	527	128	(17)
Profit for the period	2 804	1 666	3 156

Other comprehensive income for the period, net of tax

	(55)	(546)	401
Total comprehensive income for the period	2 749	1 120	3 557

Attributable to:

Shareholders of the parent company	2 222	992	3 574
Non-controlling interest	527	128	(17)
Total comprehensive income for the period	2 749	1 120	3 557

Source: Consolidated annual report of the Issuer 2021, 2020 and 2019

Consolidated statement of changes in equity for the year ended 31 December 2021

mil CZK	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
Balance as at 1 January 2021	10 638	56	(1 816)	9 820	162	2 597	21 457	1 080	22 537
Total comprehensive income for the period									
Profit for the period	–	–	–	2 277	–	–	2 277	527	2 804
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss									
Foreign exchange translation differences	–	–	(39)	–	–	–	(39)	–	(39)
Revaluation reserve - financial assets at fair value through other comprehensive income - debt instruments	–	–	(98)	–	–	–	(98)	–	(98)
Remeasurement to fair value	–	–	(11)	–	–	–	(11)	–	(11)
Expected credit losses	–	–	21	–	–	–	21	–	21
Related tax	–	–	–	–	–	–	–	–	–
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	–	–	91	–	–	–	91	–	91
Related tax	–	–	(19)	–	–	–	(19)	–	(19)
Total comprehensive income for the period			(55)	2 277			2 222	527	2 749
Transactions recognised directly in equity									
Dividends	–	–	–	–	–	–	–	(4)	(4)
Issue of investment certificates and payment of earnings	–	–	–	–	(230)	1 300	1 070	–	1 070
Establishment of special-purpose fund for payment of revenue from ind. certificates	–	–	–	(242)	242	–	–	–	–
Transfer of statutory reserve fund	–	3	–	(3)	–	–	–	–	–
Effect of changes in ownership interests and new companies within the Group	–	–	–	14	–	–	14	(143)	(129)
Balance as at 31 December 2021	10 638	59	(1 871)	11 866	174	3 897	24 763	1 460	26 223

Source: Consolidated annual report of the Issuer 2021

Consolidated statement of changes in equity for the year ended 31 December 2020

mil CZK	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
Balance as at 1 January 2020	10 638	53	(1 270)	8 526	164	2 597	20 708	806	21 514
Total comprehensive income for the period									
Profit for the period	-	-	-	1 538	-	-	1 538	128	1 666
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss									
Foreign exchange translation differences	-	-	(651)	-	-	-	(651)	-	(651)
Revaluation reserve - financial assets at fair value through other comprehensive income - debt instruments	-	-	14	-	-	-	14	-	14
Remeasurement to fair value	-	-	94	-	-	-	94	-	94
Expected credit losses	-	-	(3)	-	-	-	(3)	-	(3)
Related tax	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	(546)	1 538	-	-	992	128	1 120
Transactions recognised directly in equity									
Payment of earnings from investment certificates	-	-	-	-	(244)	-	(244)	-	(244)
Establishment of special-purpose fund for payment of revenue from ind. certificates	-	-	-	(242)	242	-	-	-	-
Transfer of statutory reserve fund	-	3	-	(3)	-	-	-	-	-
Effect of changes in ownership interests and new companies within the Group	-	-	-	1	-	-	1	146	147
Balance as at 31 December 2020	10 638	56	(1 816)	9 820	162	2 597	21 457	1 080	22 537

Source: Consolidated annual report of the Issuer 2020

Consolidated statement of changes in equity for the year ended 31 December 2019

mil CZK	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	Total	Non-controlling interest	Total equity
Balance as at 1 January 2019	10 638	46	(1 671)	6 887	161	2 597	18 658	572	19 230
Total comprehensive income for the period									
Profit for the period	-	-	-	3 173	-	-	3 173	(17)	3 156
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss									
Foreign exchange translation differences	-	-	325	-	-	-	325	-	325
Revaluation reserve - financial assets at fair value through other comprehensive income - debt instruments	-	-	55	-	-	-	55	-	55
Remeasurement to fair value	-	-	25	-	-	-	25	-	25
Expected credit losses	-	-	(8)	-	-	-	(8)	-	(8)
Related tax	-	-	(8)	-	-	-	(8)	-	(8)
Total comprehensive income for the period	-	-	401	3 173	-	-	3 574	(17)	3 557
Transactions recognised directly in equity									
Dividends	-	-	-	(1 292)	-	-	(1 292)	-	(1 292)
Issue of investment certificates and payment of earnings	-	-	-	-	(239)	-	(239)	-	(239)
Establishment of special-purpose fund for payment of revenue from ind. certificates	-	-	-	(242)	242	-	-	-	-
Transfer of statutory reserve fund	-	7	-	(7)	-	-	-	-	-
Effect of changes in ownership interests and new companies within the Group	-	-	-	7	-	-	7	251	258
Balance as at 31 December 2019	10 638	53	(1 270)	8 526	164	2 597	20 708	806	21 514

Source: Consolidated annual report of the Issuer 2019

Consolidated statement of cash flows

mil CZK	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	3 303	2 002	3 978
Adjustments for:			
Depreciation and amortisation	188	161	177
Gain from bargain purchase		-	(136)
Allowances for impairment of financial assets at amortised cost	578	1 056	(567)
Foreign exchange differences from losses resulting from impairment of loans	(126)	(29)	1
Provision for financial assets	-	89	(81)
Profit/(loss) from sold intangible assets and property, plant and equipment	56	37	(2)
Change in other provisions	(135)	182	251
Profit/(loss) from equity accounted investees	(654)	(169)	(1)
Unrealised foreign exchange gains/(losses), net	304	(339)	(79)
Impairment of financial assets measured at FVOCI	(6)	95	29
Change in revaluation of financial assets at fair value through profit or loss	401	(138)	(593)
(Increase) / decrease in operating assets:			
Due from banks and other financial institutions	(3 578)	(885)	1 230
Loans and other advances to customers	5 244	(31 528)	4 322
Financial assets at FVTPL	4 166	(6 139)	1 669
Prepayments, accrued income and other assets	(4 200)	(558)	219
Disposal groups held for sale	405	(386)	121
Increase / (decrease) in operating liabilities:			
Deposits and loans from banks	2 637	(3 413)	2 556
Deposits from customers	15 710	24 069	(6 848)
Other liabilities	4 909	356	775
Financial liabilities at fair value through profit or loss	429	-	(54)
Net increase / (decrease) in fair values of derivatives			
Fair value of derivative instruments	858	97	(262)
Tax effect			
Income tax expenses paid	(479)	(767)	(757)
Net cash flows from operating activities	30 010	(16 207)	5 948

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment and intangible assets	(234)	(87)	(85)
Proceeds from sale of property plant and equipment and intangible assets	-	37	-
Acquisition of subsidiaries (excl. cash acquired)	(21)	(834)	1 482
Acquisition of investments in joint ventures	-	-	(410)
Financial assets at amortized cost – revenues	(4 512)	8	-
Financial assets measured at FVOCI	438	180	(1 227)
Net cash flows used in investing activities	(4 329)	(688)	(240)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of other equity instruments	1 300	-	-
Distribution of income from other equity instruments	(230)	(244)	(239)
Dividends paid	-	-	(1 292)
Repayment of subordinated debt	(143)	(598)	(266)
Lease liabilities paid	(48)	(96)	(86)
Net cash flows from financing activities	879	(938)	(1 883)
INCREASE IN CASH AND CASH EQUIVALENTS			
	26 560	(17 849)	3 825
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	41 519	59 834	56 104
Effects of exchange rate fluctuations on cash held	(68)	(466)	(95)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	68 011	41 519	59 834
Cash flows from operating activities include:			
Interest received	5 652	4 604	5 262
Interest paid	1 290	1 116	1 036
Interest paid / lease liabilities	2	4	3

Source: Consolidated annual report of the Issuer 2021, 2020 and 2019

Change of the accounting reference date

The Issuer has not changed the accounting reference date during the period for which it presents historical financial information in this Prospectus.

Interim financial information

As at the Prospectus Date, the Issuer has not published quarterly or half-yearly financial data after 31 December 2021.

Auditing of historical financial information

Person auditing historical financial statements

The auditor did not make any qualifications, modifications to the opinion or disclaimer of opinion in connection therewith, nor did it point out any facts.

Other information verified by auditors

The Issuer is not aware of any information included in the Prospectus other than the financial statements for the accounting periods of 2019, 2020 and 2021 that have been audited.

Pro forma financial information

No pro forma financial information has been included in this Prospectus, as there has been no material change since 31 December 2021 that could have affected the assets, liabilities and revenues of the Issuer, had this transaction been made prior to this date.

Dividend policy and subordinated debt

The Issuer does not have any specific long-term dividend policy. The payment of dividends, if any, is subject to assessment in each accounting period, both in terms of the Issuer's capabilities and needs, and in terms of the Issuer's long-term business objectives, taking into account also the objectives of ensuring a sufficient level of capital adequacy and other regulatory requirements, as well as the interests of the Certificate Owners. The payment of dividends shall be approved by the sole shareholder or, if the Issuer has more shareholders, by the Issuer's General Meeting, upon a proposal of the Issuer's Board of Directors.

The Issuer's management anticipates that the relevant portion of the 2021 profit shall be transferred to a special purpose fund for the payment of the yields of the subordinated yield certificates, which are part of the Bank's equity capital, and the remaining part shall be used subject to the final decision (approval) of the General Meeting.

In 2021, in view of the global pandemic of covid-19 and the recommendation of the Czech National Bank, the Issuer did not pay dividends from retained earnings for 2020 and the amount of CZK 815 million was transferred to other reserve funds. No dividend was paid in 2020 in accordance with the CNB's recommendation. In 2019, the Issuer paid almost 85% of the net profit of 2018 by a dividend in the amount of CZK 1.3 billion.

Subordinated debt as at 31 December 2021 includes subordinated term deposits received by the Issuer at a fixed interest rate in the total amount of CZK 73 million (in 2020: CZK 224 million, 2019: CZK 809 million) maturing until 2025 and bearing interest at rates ranging from 6.10% p.a. to 6.50% p.a.

Legal and Arbitration Proceedings

As at the Prospectus Date, the Issuer is not aware of any administrative, court or arbitration proceedings (including all such proceedings known to the Issuer which are in progress or imminent), of which the Issuer has been a participant during a period covering the previous 12 months, and which might have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability, with the exception below.

The Issuer is one of the defendants in a New York court, where, among others, Kingstown Capital, Investhold Ltd. and Verali Limited are the plaintiffs. The plaintiffs seek compensation for damages in excess of USD 1 billion (which may be increased up to three times under US law) for allegedly illegal way of gaining control of ORCO company by CPI company. Plaintiffs allege that the Issuer, along with a number of other companies sued in the litigation, assisted CPI in its unlawful conduct. The Issuer is not aware of any unlawful conduct.

The court is currently assessing whether the New York or US courts can rule on this case. 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 to the United States Court of Appeal.

Significant change in the financial position

There has been no material change in the Issuer's financial or trading position since the end of the period for which the Issuer's audited financial information has been published up to the Prospectus Date, but it cannot be excluded, that future financial performance may be adversely affected by the effects of measures taken in 2021 in relation to the COVID-19 viral disease, the situation in Ukraine or rising inflation. However, their impact on the Issuer cannot be quantified yet.

MATERIAL CONTRACTS

In the two years immediately preceding the publication of this Prospectus, neither the Issuer nor any member of the Issuer's Group has entered into any material contracts outside the ordinary course of business.

No member of the Issuer's Group has entered into any contract which contains any provision, under which any member of the Issuer's Group has any obligation or claim, which is material to the Issuer's Group as at the Prospectus Date.

ADDITIONAL INFORMATION

Share capital

The Issuer's share capital amounts to CZK 10,638,127,000 and is divided into 700,000 registered shares with a nominal value of CZK 1.43 each and 10,637,126 registered book-entry ordinary shares with a nominal value of CZK 1,000 each. All shares are fully paid.

There are no shares in the Issuer that do not carry an interest in the share capital or voting rights.

No Shares issued by the Issuer are held by the Issuer, for the Issuer, or by the Issuer's subsidiaries.

The Issuer has not issued any convertible securities, exchangeable securities or securities with warrants.

There are no acquisition rights or commitments to the authorised but unsubscribed capital of the Issuer, or commitments to increase the Issuer's capital. There are no options, or conditional or unconditional option agreements, in relation to the capital of the members of the Issuer's Group.

When the Issuer was established, its share capital amounted to CZK 450,000,000. On 26 July 2011, the share capital was increased from CZK 1,838,127,000 to CZK 2,188,127,000, on 7 November 2011 it was increased to CZK 2,488,127,000, on 29 November 2011 it was increased to CZK 2,858,127,000, on 22 December 2011 it was increased to CZK 3,358,127,000, on 21 December 2012 it was increased to CZK 3,858,127,000, on 10 December 2013 it was increased to CZK 9,558,127,000 and on 10 November 2015 it was increased to the current amount of CZK 10,638,127,000. There was no change in share capital during the period covered by the historical financial information.

Articles of Association

Register and registration number in the register

The Issuer is incorporated in the Commercial Register maintained by the Municipal Court in Prague, under file number B 1731.

Subject and purpose of business

The Issuer is a bank under the Act on Banks. The subject of the Issuer's business activity is regulated in Article 3 of the Articles of Association.

The Issuer's business activities include:

- **activities specified in Section (1) (1) of the Act on Banks:**
 - (a) acceptance of deposits from the public;
 - (b) granting of loans;

- **activities specified in Section (1) (3) of the Act on Banks:**
 - (a) investing in securities on its own account;
 - (b) financial leasing;
 - (c) payments and settlement;
 - (d) issuing and administration of payment instruments;
 - (e) provision of guarantees;
 - (f) opening letters of credit;

- (g) collection services;
- (h) provision of investment services in accordance with specific legislation;
- (i) financial brokerage;
- (j) performance of the function of depositary;
- (k) foreign exchange activities (foreign currency purchase);
- (l) provision of bank-related information;
- (m) trading on own or the clients' account in foreign exchange values and gold, within the scope:
 - (i) trading on own or the clients' account in funds in foreign currency;
 - (ii) trading on own account in foreign securities;
 - (iii) trading on own account in monetary rights and obligations derived from the above foreign exchange values;
 - (iv) trading on own or the clients' account in gold;
- (n) rental of safe-deposit boxes;
- (o) activities directly associated with the activities listed in the Issuer's banking licence.

Share classes

According to the Articles of Association, there is not more than one type of share.

Change of control over the Issuer

According to the Articles of Association, the shares are fully transferable.

DOCUMENTS AVAILABLE

For the period of validity of this Prospectus, the following documents (or copies thereof) may be inspected at the current registered office of the Issuer on business days between 9:00 a.m. and 2:00 p.m.: to the current Articles of Association.

The text of the Articles of Association is also available on the website www.justice.cz – *Public Register* – by *searching for the Issuer – Collection of documents*

INFORMATION INCORPORATED BY REFERENCE

Information	Document	Direct link	Page
Audited consolidated financial statements of the Issuer for the accounting period ended 31 December 2021, prepared in accordance with IFRS as adopted by the EU	Consolidated Annual Report 2021	https://www.jtbank.cz/file/42153/31570010000000043842_2021_12_31.zip	*
Audited consolidated financial statements of the Issuer for the accounting period ended 31 December 2020, prepared in accordance with IFRS as adopted by the EU	Consolidated Annual Report 2020	https://www.jtbank.cz/file/40259/JTBANKA_Annual_Report_2020_3157001000000043842_2020_12_31.zip	*
Audited consolidated financial statements of the Issuer for the accounting period ended 31 December 2019, prepared in accordance with IFRS as adopted by the EU	Consolidated Annual Report 2019	https://www.jtbank.cz/file/38128/VZ_JT_BANKA_2019_CZ.pdf	57-166
Auditor's report on the Issuer's consolidated financial statements for the accounting period ended 31 December 2019, prepared in accordance with IFRS as adopted by the EU	Consolidated Annual Report 2019	https://www.jtbank.cz/file/38128/VZ_JT_BANKA_2019_CZ.pdf	168-172

The documents can be found on the Issuer's website: "www.jtbanka.cz" in section "*Important information*" or directly under the links contained in the table above. The information incorporated by reference in the Prospectus remains publicly available on the Issuer's website for 10 years after its publication.

Parts of the above documents, which have not been incorporated by reference in this Prospectus, are not material to investors or are referred to in other chapters of this Prospectus.

* Due to the specificity of the .xhtml format, which is not exactly paginated here, it is specified that the reference is only to the financial statements and the auditor's report, not to the entire content of the annual report.

TAXATION

Prospective acquirers of any Certificates are advised to consult their own legal and tax advisors (taking into account all relevant factual and legal circumstances applicable to their particular situation) as to the tax and foreign exchange law consequences of the purchase, holding and sale of the Certificates and the receipt of payments of yields from the Certificates under the tax and foreign exchange regulations applicable in the Czech Republic and in the countries of which they are residents, as well as in countries in which the yields from the holding and sale of the Certificates may be subject to taxation.

The tax regulations of the Czech Republic and the tax regulations of the investor's Member State may have an impact on the income stemming from the Certificates.

As the statutory tax treatment may change during the life of the Certificates, the yield from the Certificates shall be taxed in accordance with the applicable law at the time of the payment.

The Issuer shall not provide the Certificate Owners with any compensation or increase in respect of any tax.

The following brief summary of the selected tax consequences of the purchase, holding and sale of the Certificates in the Czech Republic is based primarily on Act No. 586/1992 Coll., on Income Taxes, as amended (the "ITA") and related legislation in effect as at the date of this Prospectus, as well as on the customary interpretation of these laws and other regulations applied by Czech tax and other governmental authorities as at the date of this Prospectus. However, the information contained herein is not intended to be, and should not be construed as, legal or tax advice. All information stated below is of a general nature (it does not take into account, for example, the possible specific tax regime of selected potential acquirers such as investment, mutual, pension funds, etc.) and is subject to change depending on changes in the relevant legislation that may occur after this date or in the interpretation of such legislation that may be applied after this date.

In the following summary, it is assumed that the person to whom any income is paid in respect of the Certificates is the beneficial owner of such income, i.e. it is not, for example, an agent, representative or depository receiving such payments on behalf of another person.

Taxation in the Czech Republic

Introduction

The summary below is of a general nature without taking into account the specific aspects of the individual Certificates and is based on the assumptions that (i) the Certificates are securities and (ii) the income (yield) from the Certificates is an income of dividend nature pursuant to Section 21i of the ITA.

Yield from the Certificate

Yield from a certificate paid to a legal entity or a natural person is subject to a special withholding tax rate collected at source (i.e. the Issuer as taxpayer upon the yield payment). The rate of this withholding tax is 15%. If, however, the recipient of the yield is a legal entity or a natural person that is not a Czech tax resident, does not hold the Certificates through a permanent establishment in the Czech Republic, and is not, at the same time, a tax resident of another EU Member State or other states forming the European Economic Area (the "EEA") or a third state with which the Czech Republic has concluded a valid and effective international treaty for the avoidance of double taxation (double taxation treaty) or an international agreement on the exchange of information in tax matters in the field of income taxes, including a multilateral international treaty, the withholding tax rate is 35%.

A double taxation treaty between the Czech Republic and the country of residence of the recipient of the yield may exclude taxation of the yield in the Czech Republic or reduce the tax rate, generally provided that the income is not attributable to a permanent establishment of the recipient in the Czech Republic. The benefits from the double taxation treaty for the taxpayer are subject to the condition that the recipient is a tax resident in the relevant state and is the beneficial owner of the income paid. In order to claim the benefits of double taxation treaties, the

recipient of the yields must present these facts to the Issuer by a confirmation of tax domicile issued by the tax authority in the country of the recipient's tax residence and a declaration of beneficial ownership of the income.

Income from sale

Profits from the sale of the Certificates realised by a natural person who is a Czech tax resident or who is not a Czech tax resident but either holds (sells) the Certificates through a permanent establishment in the Czech Republic or receives income from the sale of the Certificates from a purchaser who is a Czech tax resident, or from a Czech permanent establishment of a purchaser who is not a Czech tax resident, are included in the general tax base subject to personal income tax at progressive rates of 15% and 23% (the higher tax rate applies to the part of the tax base exceeding 48 times the average wage, in 2022 this is the amount of CZK 1,867,728).

Losses from the sale of the Certificates are generally not tax deductible for non-business natural persons, unless taxable profits from the sale of other securities are recognised in the same taxable period at the same time, in which case losses from the sale of the Certificates may be mutually offset up to the amount of profits from the sale of the other securities.

Profits from the sale of the Certificates, that have not been and are not included in business assets, are generally exempt from income tax for natural persons, provided that the aggregate income from the sale of all securities and income from shares attributable to a unit certificate upon the dissolution of a mutual fund does not exceed CZK 100,000 in the taxable period. Furthermore, profits from the sale of the Certificates, that have not been and are not included in business assets, are generally exempt from income tax for natural persons if a period of at least 3 years elapses between the acquisition and sale of the Certificates (this exemption does not apply to income from a future transfer for consideration made within 3 years of the acquisition).

Profits from the sale of the Certificates realised by a taxpayer of corporate income tax that is a Czech tax resident or that is not a Czech tax resident but either holds the Certificates through a permanent establishment in the Czech Republic or receives income from the sale of the Certificates from a purchaser who is a Czech tax resident, or from a Czech permanent establishment of a purchaser who is not a Czech tax resident, are included in the general tax base subject to corporate income tax at the rate of 19%.

Profits from the sale of the Certificates realised by a natural person or a taxpayer of corporate income tax that are not Czech tax residents, do not hold the Certificates through a permanent establishment in the Czech Republic and do not receive income from the sale of the Certificates from a purchaser who is a Czech tax resident, or from a Czech permanent establishment of a purchaser who is not a Czech tax resident, are not subject to taxation in the Czech Republic.

In the event of a sale of the Certificates by a natural person or a taxpayer of corporate income tax that are not Czech tax residents and that, at the same time, are not tax residents of an EU or EEA Member State, to a purchaser that is a Czech tax resident or to a purchaser that is not a Czech tax resident and that, at the same time, is doing business in the Czech Republic through a permanent establishment, to which the consideration is allocated, the purchaser is generally obliged to withhold income tax collateral equal to 1% of the purchase price of the Certificates upon payment of the purchase price of the Certificates.

A Seller that receives income from the sale of the Certificates, which is taxable in the Czech Republic, is generally obliged to file a tax return in the Czech Republic, and the withheld tax collateral is credited against its total tax liability.

A double taxation treaty between the Czech Republic and a country of which the seller of the Certificates is a resident may exclude taxation of profits from the sale of the Certificates in the Czech Republic, including withholding tax, generally provided that the seller does not hold the Certificates through a permanent establishment in the Czech Republic. The benefits from the double taxation treaty for the taxpayer are subject to the condition that the recipient is a tax resident in the relevant state and is the beneficial owner of the income paid.

ENFORCEMENT OF PRIVATE LAW CLAIMS

The information provided in this chapter is presented only as general information to characterise the legal situation and has been obtained from publicly available documents. Neither the Issuer, nor its advisors make any declaration as to the accuracy or completeness of the information contained herein. Prospective acquirers of the Certificates should not rely solely on the information set out herein and are advised to review with their legal advisors the issues of enforcement of private law liabilities against the Issuer in each relevant state.

Enforcement of private law obligations in the Czech Republic

Pursuant to the Terms and Conditions of the Certificates, the competent court to resolve any disputes between the Issuer and the Certificate Owners in connection with the Certificates arising from the Terms and Conditions of the Certificates is the Municipal Court in Prague.

The Issuer has not consented to the jurisdiction of any foreign court in connection with any legal proceeding commenced based on the acquisition of any Certificates, nor has it appointed a counsel for the proceeding in any state. As a result, it may not be possible for acquirers of any Certificates to commence any proceedings against the Issuer or to seek judgments against the Issuer in foreign courts, or to enforce judgments rendered by such courts based on the provisions of foreign law.

The recognition and enforcement of foreign judgments by courts in the Czech Republic is governed by European Union law, international treaties and Czech law. In relation to the Member States of the European Union, Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("**Regulation No 1215/2012**") is directly applicable in the Czech Republic. Based on this Regulation, judgments issued by judicial authorities in EU Member States in civil and commercial matters are enforceable in the Czech Republic under the conditions set out therein, and conversely, judgments issued by a court in the Czech Republic are reciprocally enforceable in other EU Member States.

Unless the parties to the dispute agree otherwise or unless the court of another Member State has exclusive jurisdiction, foreign entities may initiate civil proceedings against individuals and legal entities domiciled or having their registered office in the Czech Republic before Czech courts. Within court proceedings, Czech courts apply national procedural rules and their decisions are enforceable in the Czech Republic, except for certain statutory restrictions on the ability of creditors to enforce a judgment in relation to certain assets.

Any person that commences proceedings in the Czech Republic may be obliged to: (i) submit to the court in the Czech Republic a translation of the relevant document into the Czech language prepared by a certified translator; and (ii) pay a court fee.

In the event that a court judgment is rendered against the Issuer by a court in a state that is not a Member State of the European Union, the following rules shall apply:

If the Czech Republic or the European Union has concluded an international treaty on the recognition of the enforcement of judgments with a state, the enforcement of judgments of that state shall be governed by the provisions of that international treaty. In the absence of an international treaty, the judgements of foreign courts may be recognised and enforced in the Czech Republic under the conditions set out in Czech and international private law, i.e. primarily Act No. 91/2012 Coll., on Private International Law, as amended (the "**PILA**"), and other national legislation. A foreign judgment against a Czech natural person or legal entity may, inter alia, be recognised and enforced if reciprocity is guaranteed in relation to the enforcement and recognition of judgments rendered by Czech courts in the country where the foreign judgment was rendered.

Upon request, the Ministry of Justice of the Czech Republic shall provide the court with a statement of reciprocity by the foreign state. If such a reciprocity statement is not issued, it does not automatically mean that reciprocity does not exist. The court shall take into account the statement of the Ministry of Justice of the Czech Republic on reciprocity by the foreign state as one of the means of proof.

Although reciprocity is guaranteed in the present case, under the PILA, judgements of courts of a foreign state and decisions of authorities of a foreign state on rights and obligations which, due to their private law nature, would be decided by courts in the Czech Republic, as well as foreign judicial conciliations and foreign notarial and other public documents in these matters (hereinafter collectively referred to as **foreign decisions** for the purposes of this paragraph) cannot be recognised and enforced if (i) the matter falls within the exclusive jurisdiction of the Czech courts, or if the proceedings could not be conducted before any authority of the foreign state if the provisions on the jurisdiction of the Czech courts were applied to the assessment of the jurisdiction of the foreign authority, unless the party against whom the foreign decision is directed has voluntarily submitted to the jurisdiction of the foreign authority; (ii) the same legal relationship is the subject of proceedings before a Czech court and these proceedings were instituted before the foreign proceedings in which the decision, whose recognition is sought, was issued; (iii) a final decision has been issued by a Czech court on the same legal relationship or a final decision of an authority of a third state has already been recognised in the Czech Republic; (iv) the party to the proceedings, against whom the decision is to be recognised, has been deprived of the opportunity to participate properly in the proceedings by the conduct of the foreign authority, in particular if it has not been served with a summons or an application to institute proceedings; or (v) recognition would be manifestly contrary to public policy. The obstacles referred to under points (ii) to (iv) above shall be taken into account only if they are raised by the party to the proceedings against whom the foreign judgment is to be recognised, unless the existence of obstacle (ii) or (iii) is otherwise known to the authority deciding on the recognition.

The courts of the Czech Republic would not hear on the merits an action brought in the Czech Republic on the basis of any breach of public law of any state other than the Czech Republic by the Issuer, in particular any action for breach of any foreign law on securities.

Foreign exchange regulation

Issuance and acquisition of the Certificates is not subject to the foreign exchange regulation in the Czech Republic.

The Government of the Czech Republic or its Prime Minister may, however, declare a state of emergency pursuant to Constitutional Act No. 110/1998 Coll., on the Security of the Czech Republic. If the Government of the Czech Republic declares a state of emergency, payments in foreign currencies or generally payments abroad, interbank transfers of funds from abroad to the Czech Republic and/or the sale of securities (including the Certificates) abroad may be prohibited in accordance with the provisions of Act No. 240/2000 Coll., on Crisis Management and on Amendments to Certain Acts, for the duration of the state of emergency. A state of emergency may be declared for a maximum of 30 days, or may be extended with the consent of the Chamber of Deputies.

INTERPRETATION

Capital

Where this Prospectus refers to "**common equity tier 1 capital**", it means common equity tier 1 (CET1) capital within the meaning of Article 50 of the CRR, according to which an institution's common equity tier 1 capital consists of common equity tier 1 items within the meaning of Article 26 of the CRR²¹ after making the adjustments required by Articles 32 to 35 of the CRR, the deductions required by Article 36 and the application of the exemptions and alternative procedures set out in Articles 48, 49 and 79 of the CRR.

Where this Prospectus refers to "**additional tier 1 capital**", it means additional tier 1 capital (AT1) as defined in Article 61 of the CRR, according to which an institution's additional tier 1 capital consists of additional tier 1 capital items within the meaning of Article 51 of the CRR²² after deduction of the items referred to in Article 56 of the CRR and the application of Article 79 of the CRR.

²¹ According to Article 26 of the CRR, common equity tier 1 capital consists of the following items: (a) capital instruments, if the conditions set out in Article 28 or, where applicable, Article 29 of the CRR are met; (b) share premium related to the instruments referred to in point (a); (c) retained earnings; (d) accumulated other comprehensive income; (e) other reserves; (f) general banking risk reserve. The items referred to in points (c) to (f) shall be recognised as common equity tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur.

²² According to Article 51 of the CRR, additional tier 1 capital consists of the following items: (a) capital instruments, provided that the conditions set out in Article 52(1) of the CRR are met; (b) share premium related to the instruments referred to in point (a). Instruments included under point (a) do not qualify as common equity tier 1 items or tier 2 items. According to Article 52(1) of the CRR, capital instruments shall qualify as additional tier 1 instruments only if the following conditions are met: (a) the instruments are issued and paid up; (b) the instruments are not purchased by any of the following: (i) the institution or its subsidiaries; (ii) an undertaking in which the institution has a participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of that undertaking; (c) the purchase of the instruments is not funded directly or indirectly by the institution; (d) the instruments rank below tier 2 instruments in the event of the insolvency of the institution; (e) the instruments are not secured, or subject to a guarantee that enhances the seniority of the claims by any of the following: (i) the institution or its subsidiaries; (ii) the parent undertaking of the institution or its subsidiaries; (iii) the parent financial holding company or its subsidiaries; (iv) the mixed activity holding company or its subsidiaries; (v) the mixed financial holding company or its subsidiaries; (vi) any undertaking that has close links with entities referred to in points (i) to (v); (f) the instruments are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claim under the instruments in insolvency or liquidation; (g) the instruments are perpetual and the provisions governing them include no incentive for the institution to redeem them; (h) where the provisions governing the instruments include one or more call options, the option to call may be exercised at the sole discretion of the issuer; (i) the instruments may be called, redeemed or repurchased only where the conditions laid down in Article 77 are met, and not before five years after the date of issuance except where the conditions laid down in Article 78(4) are met; (j) the provisions governing the instruments do not indicate explicitly or implicitly that the instruments would or might be called, redeemed or repurchased and the institution does not otherwise provide such an indication, except in the following cases: (i) the liquidation of the institution; (ii) discretionary repurchases of the instruments or other discretionary means of reducing the amount of Additional Tier 1 capital, where the institution has received the prior permission of the competent authority in accordance with Article 7; (k) the institution does not indicate explicitly or implicitly that the competent authority would consent to a request to call, redeem or repurchase the instruments; (l) distributions under the instruments meet the following conditions: (i) they are paid out of distributable items; (ii) the level of distributions made on the instruments will not be amended on the basis of the credit standing of the institution or its parent undertaking; (iii) the provisions governing the instruments give the institution full discretion at all times to cancel the distributions on the instruments for an unlimited period and on a non-cumulative basis, and the institution may use such cancelled payments without restriction to meet its obligations as they fall due; (iv) cancellation of distributions does not constitute an event of default of the institution; (v) the cancellation of distributions imposes no restrictions on the institution; (m) the instruments do not contribute to a determination that the liabilities of an institution exceed its assets, where such a determination constitutes a test of insolvency under applicable national law; (n) the provisions governing the instruments require that, upon the occurrence of a trigger event, the principal amount of the instruments be written down on a permanent or temporary basis or the instruments be converted to Common Equity Tier 1 instruments; (o) the provisions governing the instruments include no feature that could hinder the recapitalisation of the institution; (p) where the instruments are not issued directly by an institution, both the following conditions shall be met: (i) the instruments are issued through an entity within the consolidation pursuant to Chapter 2 of Title II of Part One of the CRR; (ii) the proceeds are immediately available to the institution without limitation and in a form that satisfies the conditions laid down in this paragraph.

Where this Prospectus refers to "**common equity tier 1 ratio**", it means the common equity tier 1 capital of an institution expressed as a percentage of the total risk exposure as defined in Article 92(2)(a) of the CRR at the level of the Issuer or at the level of the prudential consolidation group.

Individual and consolidated financial information and prudential consolidation group

Where this Prospectus refers to the financial information of the Issuer on an "individual basis", or on an "individual level", or as "individual", it means the financial information based on the Issuer's individual financial statements prepared in accordance with IFRS.

Where this Prospectus refers to the financial information of the Issuer on a "consolidated basis", or on a "consolidated level", or as "consolidated" or "consolidation" or "consolidating", it means the financial information based on the Issuer's consolidated financial statements prepared in accordance with IFRS.

Where this Prospectus refers to the "Prudential Consolidation Group", it means the consolidation group of the Issuer's parent company, which as at the Prospectus Date is J&T FINANCE GROUP SE, compiled for the purposes of the prudential requirements in accordance with Article 18 of the CRR and the relevant measure of a general nature (as at the Prospectus Date, the measure of a general nature on prudential consolidation issued by the CNB on 16 October 2014 under ref. no. 2014/47553/CNB/560).

List of definitions and abbreviations

Capitalised terms used in a particular section of the Prospectus have the meaning (i) assigned to such terms in chapter entitled "*Terms and Conditions of the Certificates*", (ii) assigned to such terms in other sections of the Prospectus, (iii) or the following meaning:

"Group Member" means any company comprising the Group.

"IFRS" means International Financial Reporting Standards as adopted by the European Union (EU) under Regulation (EC) No 1606/2002.

"J&T FINANCE GROUP SE" means company J&T FINANCE GROUP SE (original business name: J&T FINANCE, a.s.), a European company incorporated and existing under Czech law, with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Company ID No.: 275 92 502, to which, as a result of a cross-border fusion by merger, the assets of the dissolving companies J&T FINANCE GROUP, a.s. and TECHNO PLUS were transferred as at 1 January 2014.

"J&T FINANCE GROUP, a.s." means J&T FINANCE GROUP, a.s., a company established and formerly existing under Slovak law, with its registered office at Bratislava, Dvořákovo nábrežie 8, 811 02 Slovak Republic, Company ID No.: 313 91 087, which was dissolved as at 1 January 2014 as a result of a cross-border fusion by merger, when J&T FINANCE GROUP, a. s. as the dissolving company merged with TECHNO PLUS, a. s. as another dissolving company and with J&T FINANCE, a.s. as the successor company, which also changed its legal form to a European company and its business name to J&T FINANCE GROUP SE.

"Distributable Items" mean distributable items within the meaning of Article 52(1)(l)(i) in conjunction with Article 4(1)(128) of the CRR²³.

²³ Pursuant to Article 4(1)(128) of the CRR, the "distributable items" mean the amount of the profits at the end of the last accounting period plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution's by-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, those losses and reserves being determined on the basis of the individual financial statements of the institution and not on the basis of the consolidated financial statements.

"**Group**" or "**Issuer's Group**" means the Issuer and all companies controlled by the Issuer which form a consolidation group for the purposes of preparing the Issuer's consolidated financial statements in accordance with IFRS, as further described in chapter "*Issuer's Organisational Structure*".

"**J&T Group**" means the companies directly or indirectly controlled by the Issuer's parent company, which as at the Prospectus Date is J&T FINANCE GROUP SE.

"**Articles of Association**" mean the version of the Issuer's articles of association in force and effect as at the Prospectus Date.

"**TECHNO PLUS, a.s.**" means TECHNO PLUS, a.s., a company established and formerly existing under Slovak law, with its registered office at Lamačská cesta 3, Postal Code 841 04, Company ID No.: 31385419, which was dissolved as at 1 January 2014 as a result of a cross-border fusion by merger, when TECHNO PLUS, a. s. as the dissolving company merged with J&T FINANCE GROUP, a.s. as another dissolving company and with J&T FINANCE, a.s. as the successor company, which also changed its legal form to a European company and its business name to J&T FINANCE GROUP SE.

"**Prudential Decree**" means Decree No. 163/2014 Coll., on the performance of the activities of banks, credit unions and investment firms.

"**Business Corporations Act**" means Act No. 90/2012 Coll., on business companies and cooperatives.

ADDRESSES

ISSUER

J&T BANKA, a.s.
Sokolovská 700/113a
Czech Republic

ARRANGER

J&T IB and Capital Markets, a.s.
Sokolovská 700/113a
186 00 Prague 8
Czech Republic

ARRANGER'S LEGAL ADVISOR

Kocián Šolc Balaščík, advokátní kancelář, s.r.o.
Jungmannova 745/24
110 00 Prague 1 – Nové Město
Czech Republic

ISSUER'S AUDITOR

KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Prague 8 – Karlín
Czech Republic