

## ALLEVIATED BASE PROSPECTUS



**ČESKÁ EXPORTNÍ BANKA, A.S.**

*(incorporated as joint stock company under the laws of the Czech Republic)*

**€1,500,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

*irrevocably and unconditionally guaranteed by statute by*

**THE CZECH REPUBLIC**

*Under this €1,500,000,000 Euro Medium Term Note Programme (the **Programme**), Česká exportní banka, a.s. (the **Czech Export Bank, CEB**, or the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined in “Subscription and Sale”).*

*Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during a period of 12 months from the date of this alleviated base prospectus (the **Alleviated Base Prospectus**) to be listed on the Official List of the Luxembourg Stock Exchange and for such Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments (as amended, **MiFID II**).*

*The Programme also provides that Notes may be issued on an unlisted basis or may be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer (as defined herein) and the relevant Dealer. The relevant Final Terms (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading and listed on the Luxembourg Stock Exchange (or any other stock exchange).*

*This Alleviated Base Prospectus does not constitute a prospectus for the purposes of Article 6 et seq. of Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**) nor does it constitute an alleviated prospectus pursuant to Chapter 1 in Part III of the Luxembourg law on the prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) dated 16 July 2019 (the **Luxembourg Prospectus Law**). This Alleviated Base Prospectus constitutes an alleviated base prospectus pursuant to Chapter 2 in Part III of the Luxembourg Prospectus Law. See “Important Notices”.*

*Arranger and Dealer for the Programme*

**KBC Bank NV**

24 May 2023

## IMPORTANT NOTICES

This Alleviated Base Prospectus contains information provided by the Issuer, in its capacity as issuer and the Czech Republic, in its capacity as guarantor (the **Guarantor**) in connection with the Programme and the Notes. The Issuer accepts responsibility for the information contained in this Alleviated Base Prospectus. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Alleviated Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Certain of the information contained in the sections entitled “*The Czech Republic*” and commencing on page 86 has been extracted from publicly available sources. Where information in the above-mentioned sections has been specifically identified as having been so extracted, the Issuer accepts the responsibility only for the correct extraction.

This Alleviated Base Prospectus does not comprise a prospectus or a base prospectus under the Prospectus Regulation or a document for listing purposes in relation to the Euro MTF market of the Luxembourg Stock Exchange.

This Alleviated Base Prospectus constitutes an alleviated base prospectus pursuant to Chapter 2 in Part III of the Luxembourg Prospectus Law. Accordingly, this Alleviated Base Prospectus does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 and it has not been, and will not be, submitted for approval to any listing authority within the meaning of the Prospectus Regulation and in particular the Luxembourg *Commission de Surveillance du Secteur Financier*, which is the Luxembourg listing authority for the purpose of the Prospectus Regulation and one of the listing authorities under the Luxembourg Prospectus Law. Any Notes issued pursuant to this Alleviated Base Prospectus will therefore not qualify for the benefit of the single European passport pursuant to the Prospectus Regulation.

The Issuer has, pursuant to the Dealer Agreement (as defined in “*Subscription and Sale*”), appointed KBC Bank NV as a dealer under the Programme, and has authorised and requested the Dealer to circulate this Alleviated Base Prospectus in connection with the Programme, subject to the provisions of the Dealer Agreement. The Issuer has confirmed to the Dealer that this Alleviated Base Prospectus contains all information with respect to the Issuer, the Notes and to the Guarantor which is material in the context of the issue and offering of the Notes (including all information required by applicable laws of the Czech Republic and directly applicable laws of the European Union (the **EU**)) and the information which, according to the particular nature of the Issuer, the Guarantor and the Guarantee and of the Notes, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the relevant Notes and the Guarantee, and that (i) the statements contained in this Alleviated Base Prospectus relating to the Issuer and, as far as the Issuer is aware, the Guarantor are true and accurate in all material respects and are not misleading in any material respect, (ii) the opinions, predictions and intentions expressed in this Alleviated Base Prospectus with regard to the Issuer and, as far as the Issuer is aware, the Guarantor are honestly held, have been reached after considering all relevant circumstances and were or, as the case may be, are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuer, the Guarantor, the Guarantee or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Alleviated Base Prospectus, in the light of the circumstances under which they were made, misleading in any material respect, and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. This Alleviated Base Prospectus can only be used in connection with the Programme for the purposes for which it has been established.

This Alleviated Base Prospectus should be read and construed in conjunction with any amendment or supplement thereto and with any other documents incorporated in it by reference (see “*Documents*”).

*Incorporated by Reference*” below) and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein). This Alleviated Base Prospectus may only be used for the purposes for which it has been published.

No person has been authorised by the Issuer, the Czech Republic or the Dealer to give any information or to make any representation not contained in or not consistent with this Alleviated Base Prospectus or any supplement hereto, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Czech Republic or the Dealer.

No representation or warranty is made or implied by the Dealer or any of its affiliates, and neither the Dealer nor any of its affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Alleviated Base Prospectus. Neither the delivery of this Alleviated Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Alleviated Base Prospectus is true subsequent to the date hereof or the date upon which this Alleviated Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer since the date hereof or, if later, the date upon which this Alleviated Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Alleviated Base Prospectus, nor any Final Terms, nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Czech Republic or the Dealer that any recipient of this Alleviated Base Prospectus or any Final Terms, or any other information supplied relating to the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Czech Republic, as it deems necessary.

The distribution of this Alleviated Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Alleviated Base Prospectus or any Final Terms comes are required by the Issuer, the Czech Republic and the Dealer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Alleviated Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. **In particular, no Notes have been or will be registered under the United States Securities Act of 1933 (as amended) (the Securities Act). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.** Neither this Alleviated Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Czech Republic, the Dealer or any of them that any recipient of this Alleviated Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Alleviated Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Czech Republic.

All references in this Alleviated Base Prospectus to **Euro, EUR** or **€** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, all references to **USD** or **U.S.\$** are to the lawful currency of the United States of America, and all references to **Czech koruna** or **CZK** are to the lawful currency of the Czech Republic.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,500,000,000 (and, for this purpose, any Notes denominated in another currency shall

be translated into Euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

In relation to any issue of Notes which, as set out in the Final Terms thereto, have denominations consisting of a minimum denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Denomination in an account with Euroclear or Clearstream, Luxembourg (as defined below) at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that the holding amounts to a minimum denomination.

Translations of amounts from Czech koruna to USD or Euro are solely for the convenience of the reader and, unless otherwise stated, are made at year end exchange rates. No representation is made that Czech koruna, USD or Euro amounts referred to herein could have been or could be converted into USD, Euro or Czech koruna, as the case may be, at any particular rate at all. The Czech National Bank's foreign exchange rate for USD on 23 May 2023 was CZK 21.962 = U.S.\$1, whilst the Czech National Bank's foreign exchange rate for Euro on the same day was CZK 23.675 = €1.

Unless otherwise stated, all annual information, including budgetary information, is based on calendar years.

Certain figures included in this Alleviated Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Other than references to websites containing documents incorporated by reference (see "*Documents Incorporated by Reference*" below), in this Alleviated Base Prospectus, reference to websites or uniform resource locators (URLs) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Alleviated Base Prospectus.

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the European Economic Area (the **EEA**) and registered under Regulation (EC) No. 1060/2009, as amended (the **CRA Regulation**) or (2) issued by a credit rating agency established in the United Kingdom (the **UK**) and registered under the CRA Regulation as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended, the **EUWA**) (the **UK CRA Regulation**) or (3) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (4) issued by a credit rating agency which is not established in the UK but will be endorsed by a credit rating agency which is established in the UK and registered under the UK CRA Regulation or (5) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation or (6) issued by a credit rating agency which is not established in the UK but which is certified under the UK CRA Regulation, will be disclosed in the Final Terms. In general, European Union regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. In general, UK regulated investors are restricted

from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in any secondary market. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under Article 9(8) of EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Dealer nor its affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – Any Final Terms in respect of any Notes may include a legend entitled “**UK MiFIR Product Governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

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

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

## **BENCHMARKS**

Amounts payable under the Notes may be calculated by reference to the Euro Short-Term Rate (**€STR**) which is administered by the European Central Bank Euro Interbank Offered Rate, the Euro-zone interbank offered rate (**EURIBOR**) which is administered by the European Money Markets Institute (**EMMI**), the Prague Interbank Offered Rate (**PRIBOR**) which is administered by Czech Financial Benchmark Facility s.r.o. (**CFBF**), the Secured Overnight Financing Rate (**SOFR**) which is administered by the Federal Reserve Bank of New York, or the Sterling Overnight Index Average (**SONIA**) which is administered by the Bank of England, or any other benchmark, in each case as specified in the Final Terms. As at the date of this Alleviated Base Prospectus, EMMI and CFBF appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (as amended, the **EU Benchmark Regulation**), as it forms part of domestic law by virtue of the EUWA (the **UK Benchmark Regulation**). As far as the Issuer is aware, the administrators of €STR, SOFR, and SONIA do not fall within the scope of the EU Benchmark Regulation by virtue of Article 2 of the EU Benchmark Regulation. The registration status of any administrator under the EU Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

**In connection with the issue of any tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the Stabilisation Manager(s)) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche of Notes and 60 days after the date of the allotment of the relevant tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## FORWARD-LOOKING STATEMENTS

This Alleviated Base Prospectus contains certain forward-looking statements. The words “anticipate”, “believe”, “expect”, “plan”, “intend”, “target”, “aim”, “estimate”, “project”, “will”, “would”, “may”, “could”, “continue” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Alleviated Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer’s actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer expects to operate in the future. Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. The Issuer does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## IMPORTANT INFORMATION RELATING TO TAX REGIME OF NOTES

This Alleviated Base Prospectus describes in summary form certain Czech tax implications and procedures in connection with an investment in Notes (see *Taxation*). Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

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

Under Czech tax law, the Issuer is personally liable for (i) any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest and principal in respect of Notes as well as (ii) the granting of any tax relief (whether in the form of an exemption or a reduced rate) (the **Tax Relief**). The Issuer bears the related burden of proof vis-à-vis the tax authorities, which necessitates, before any Tax Relief can be granted, collection of the Beneficial Ownership Information.

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

Furthermore, the Terms and Conditions of the Notes provide for certain additional carve outs from the gross-up obligation under which, for example, no gross-up applies to payments in respect of the Notes where any withholding or deduction by the Issuer is for or on account of the Tax Security or where the Beneficial Owner of such Notes is a Czech Tax Resident individual. There may be certain other carve

outs from gross-up applicable and any carve-out may apply even if the Beneficial Ownership Information has been duly provided in accordance with the Certification Procedures.

Where the Beneficial Owner does not hold Notes directly on an account in the books of the ICSDs, it may not be able to benefit from the Certification Procedures if the intermediary through which it holds the Notes in the respective ICSD has not implemented the Certification Procedures.

In addition, in accordance with the terms and conditions between the ICSDs and the participants to the ICSDs, the ICSDs are not obliged to provide tax assistance and may unilaterally decide to discontinue the application of tax services, for which no liability for any consequences is accepted.

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



## DOCUMENTS INCORPORATED BY REFERENCE

This Alleviated Base Prospectus should be read and construed in conjunction with each set of relevant Final Terms. All amendments and supplements to this Alleviated Base Prospectus and any Final Terms prepared by the Issuer from time to time shall be deemed to be incorporated in, and to form part of, this Alleviated Base Prospectus, save that any statement contained in this Alleviated Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Alleviated Base Prospectus shall be deemed to be modified or superseded for the purpose of this Alleviated Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement (whether expressly, by implication or otherwise). Any such statement so modified or supplemented shall not be deemed to constitute a part of this Alleviated Base Prospectus except as so modified or superseded.

The Issuer will, at the specified offices of the paying agent, provide, free of charge, upon oral or written request therefor, a copy of this Alleviated Base Prospectus (or any document incorporated by reference in this Alleviated Base Prospectus). Written or telephone requests for such documents should be directed to the specified office of the paying agent or the specified office of the listing agent in Luxembourg.

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

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

Auditor's Report.....	4-11
Financial Statements of the Issuer.....	62-120

(available at: [https://www.ceb.cz/sys/FileStorage/download/5/4216/vz\\_en\\_22\\_fin.pdf](https://www.ceb.cz/sys/FileStorage/download/5/4216/vz_en_22_fin.pdf))

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

Auditor's Report.....	5-11
Financial Statements of the Issuer.....	66-122

(available at: [https://www.ceb.cz/sys/FileStorage/download/4/3881/vz\\_en\\_2021.pdf](https://www.ceb.cz/sys/FileStorage/download/4/3881/vz_en_2021.pdf))

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

## **SUPPLEMENTARY ALLEVIATED BASE PROSPECTUS**

This Alleviated Base Prospectus is valid for one year from the date of this document. The Issuer has undertaken that during this period, in the event that a significant new factor, material mistake or inaccuracy relating to the information included in the Alleviated Base Prospectus arises or is noted which is capable of affecting assessment of the Notes which may be issued under the Programme or if the terms of the Programme are amended in a manner which would make the Alleviated Base Prospectus, as supplemented, inaccurate or misleading, the Issuer will prepare or procure the preparation of an amendment or supplement to this Alleviated Base Prospectus or, as the case may be, publish a new Alleviated Base Prospectus, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to trading on the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation on any other listing authorities, stock exchanges, regulated markets and/or quotation systems.

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## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

### 1. Introduction

#### (a) Programme

Česká exportní banka, a.s. (the **Issuer**) has established a programme (the **Programme**) for the issuance of up to €1,500,000,000 (or its equivalent in other currencies) in aggregate principal amount of notes (the **Notes**) which are the subject of a Czech law statutory guarantee (the **Guarantee**) from the Czech Republic (the **Guarantor**) under Section 8 of Act No. 58/1995 Coll., as amended (the **Act**).

#### (b) Final Terms

Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of Final Terms (the **Final Terms**) which supplements these terms and conditions (the **Conditions**). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

#### (c) Fiscal Agency Agreement

The Notes are the subject of an amended and restated fiscal agency agreement dated 24 May 2023 (as amended or supplemented from time to time, the **Fiscal Agency Agreement**) between the Issuer, Citibank, N.A., London Branch as fiscal agent (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), and Citigroup Global Markets Europe AG, as registrar (the **Registrar**, which expression includes any successor registrar appointed from time to time) and Citibank, N.A., London Branch as the paying agent named therein (together with the Fiscal Agent, the **Paying Agent**, which expression includes any successor or additional paying agent appointed from time to time in connection with the Notes) and transfer agent (the **Transfer Agent**, which expression shall include any substitute or additional transfer agent appointed from time to time in accordance with the Notes).

#### (d) Deed of Covenant

The Notes have the benefit of a deed of covenant dated 24 May 2023 executed by the Issuer (the **Deed of Covenant**).

#### (e) The Notes

All subsequent references in these Conditions to **Notes** are to the Notes which are the subject of the relevant Final Terms and are of the same Series. Copies of the relevant Final Terms are available for inspection by Holders (as defined below) during normal business hours at the Specified Office of the Fiscal Agent or, as the case may be, the Registrar, the initial Specified

Offices of which are set out below. Copies of the relevant Final Terms relating to listed Notes are also obtainable at the offices of the Paying Agent and on the website of the Luxembourg Stock Exchange.

(f) *Summaries*

Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the **Holders**) are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection by Holders during normal business hours at the Specified Office of the Paying Agent, the initial Specified Office of which is set out below.

2. **Interpretation**

(a) *Definitions*

Words and expressions used but not defined in these Conditions or the Final Terms shall have the same meanings as set out in the Fiscal Agency Agreement, unless the context otherwise states or requires.

In these Conditions the following expressions have the following meanings:

**Accrual Yield** has the meaning given in the relevant Final Terms;

**Additional Business Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Additional Financial Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Administrator/Benchmark Event** means, in respect of any Notes, determination by the Issuer, in consultation with the Calculation Agent, that any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Relevant Rates Benchmark or the administrator or sponsor of the Relevant Rates Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that any of the Issuer or the Calculation Agent is not, or will not be, permitted under any applicable law or regulation to use the Relevant Rates Benchmark to perform its of their respective obligations in respect of the Notes;

**Agency** means any political sub-division, regional government, ministry, agency, department, authority or instrumentality of the Czech Republic or any other Czech Governmental entity, and the Czech National Bank, which in each case owns, controls, holds or administers any International Monetary assets;

**Agents** means the Paying Agent, the Registrar, the Transfer Agent and any Calculation Agent and **Agent** means any one of the Agents;

**Authorised Denomination** means €1,000 or the higher denomination or denominations specified in the applicable Final Terms;

**Benchmark** means, initially, Compounded Daily SOFR Rate, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark

Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded Daily SOFR Rate (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then “Benchmark” shall mean the applicable Benchmark Replacement.

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

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

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

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

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

**Benchmark Replacement Date** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of paragraphs (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced

therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

- (ii) in the case of paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

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

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

**Business Day** means:

- (A) in relation to any sum payable in Euro, a TARGET System Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (B) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**Business Day Convention**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

**Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;

**Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

**Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

**FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the date preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as

the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

- (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

**No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**Calculation Agent** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**Calculation Amount** has the meaning given in the relevant Final Terms;

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

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

$$\left( \frac{\text{€STR Index}_y}{\text{€STR Index}_x} - 1 \right) \times \frac{360}{d_c}$$

**dc** means the number of calendar days from (and including) in the relevant Interest Period to (but excluding) the day in relation to which the Compounded Daily €STR is determined;

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

**€STR Index<sub>x</sub>** means the €STR-Index value for the day falling the Relevant Number of TARGET Settlement Days prior to the first day of the relevant Interest Period;

**€STR Index<sub>y</sub>** means the €STR-Index value for the day falling the Relevant Number of TARGET Settlement Days prior to the Interest Payment Dates; and



**€STR-Index value** means, in relation to a TARGET Settlement Day, the value of the TARGET Index which is published by the European Central Bank at or around 9.00 a.m. (Brussels time) on such TARGET Settlement Day (the **€STR Determination Time**);

**Compounded Daily Reference Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate – being either SONIA, SOFR or €STR, as specified in the relevant Final Terms – as the reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date as further specified in the relevant Final Terms in accordance with the relevant following formula (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards);

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

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

where:

**d<sub>c</sub>** is the number of calendar days from (and including) the day in relation to which SOFR Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SOFR Index<sub>End</sub> is determined;

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

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

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

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

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

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

**SOFR Index<sub>Start</sub>**, with respect to an Interest Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Period; and

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

**Compounded Daily SONIA Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA rate that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date, as further specified in the relevant Final Terms (the **SONIA Compounded Index**) and in accordance with the following formula:

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

where:

**d** is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SONIA Compounded Index<sub>End</sub> is determined;

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

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

**SONIA Compounded Index<sub>End</sub>** means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (i) the Interest Payment Date for such Interest Period, or (ii) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**SONIA Compounded Index<sub>Start</sub>** means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Period;

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

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms,:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year;
- (ii) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

Day Count Fraction =

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day included in the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

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

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day included in the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

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

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

Day Count Fraction =

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls:

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D<sub>2</sub> will be 30;

**Early Termination Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**External Indebtedness** means indebtedness for borrowed or raised money (whether present or future, actual or contingent, and including any guarantee or indemnity) expressed in or payable or optionally payable in a currency other than the lawful currency of the Czech Republic;

**Final Redemption Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Fixed Coupon Amount** has the meaning given in the relevant Final Terms;

**Guarantee** means the Czech law statutory guarantee from the Czech Republic under Section 8 of the Act;

**Guarantor** means the Czech Republic;

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

**Interest Amount** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**Interest Commencement Date** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**Interest Determination Date** has the meaning given in the relevant Final Terms;

**Interest Payment Date** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified

in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**Interest Period** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**International Monetary Assets** means all (i) official holdings of gold, (ii) Special Drawing Rights, (iii) Reserve Positions in the Fund and (iv) Foreign Exchange which is owned or held by the Czech Republic, the Czech National Bank or any Czech monetary authority or national funding body. The capitalised terms have the meanings given to them in the publication of the International Monetary Fund (the **IMF**) entitled **International Financial Statistics** or such other meanings as shall be formally adopted by the IMF from time to time;

**ISDA Definitions** means either (i) the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.); or (ii) the 2021 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

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

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

**Issue Date** has the meaning given in the relevant Final Terms;

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

**Lock-out Period** means, with respect to an Interest Period, the period from, and including, the day following the Interest Determination Date (which shall be not less than three Relevant Business Days prior to the relevant Interest Payment Date and shall be not less than five Relevant Business Days without prior written approval of the Calculation Agent) for such Interest Period to (but excluding) (i) the Interest Payment Date for such Interest Period or (ii) if different, the date on which the relevant payment of interest falls due.

**Margin** has the meaning given in the relevant Final Terms;

**Maturity Date** has the meaning given in the relevant Final Terms;

**Maximum Redemption Amount** has the meaning given in the relevant Final Terms;

**Member State** means a member state of the European Union;

**Minimum Redemption Amount** has the meaning given in the relevant Final Terms;

**Observation Period** means, in respect of a relevant Interest Period, the period from (and including) the date falling “p” Relevant Business Days prior to the first day of such Interest Period to (but excluding) the date which is “p” Relevant Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” Relevant Business Days prior to such earlier date, if any, on which the Notes become due and payable);

**OECD** means Organisation for Economic Co-operation and Development;

**Optional Redemption Amount (Call)** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Amount (Put)** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Date (Call)** has the meaning given in the relevant Final Terms;

**Optional Redemption Date (Put)** has the meaning given in the relevant Final Terms;

**Participating Member State** means a Member State of the European Community which adopts the Euro as its lawful currency in accordance with the Treaty;

**Payment Business Day** means:

- (i) if the currency of payment is Euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET System Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not Euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other jurisdiction or entity, including without limitation, a state or agency of a state or other entity, whether or not having separate legal personality;

**Person Related Through Capital** means every person (whether an individual or a Legal Entity) in circumstances where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether

direct or indirect) constitutes at least 25% of the registered capital of, or 25% of the voting rights in, such other person/persons;

**Principal Financial Centre** means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Community as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**Put Option Notice** means a notice which must be delivered to the Paying Agent by any Holder wanting to exercise a right to redeem a Note at the option of the Holder;

**Put Option Receipt** means a receipt issued by the Paying Agent to a depositing Holder upon deposit of a Note with the Paying Agent by any Holder wanting to exercise a right to redeem a Note at the option of the Holder;

**Rate Cut-Off Date** means the date that is “q” Relevant Business Days prior to the Maturity Date or any earlier redemption date, as applicable (where “q” is the number of Relevant Business Days in the Rate Cut-Off Period specified in the relevant Final Terms;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**Reference Time with respect to any determination of the Benchmark** means (i) if the Benchmark is Compounded Daily SOFR Rate, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded Daily SOFR Rate, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

**Relevant Business Day** means:

- (i) if “SONIA” is specified in the relevant Final Terms as the applicable Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
- (ii) if “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate, a U.S. Government Securities Business Day; or
- (iii) if “€STR” is specified in the relevant Final Terms, a TARGET Settlement Day;



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

**Reference Banks** has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

**Reference Day** means each Relevant Business Day in the relevant Interest Period, other than any Relevant Business Day in the Lock-out Period;

**Reference Price** has the meaning given in the relevant Final Terms;

**Reference Rate** has the meaning given in the relevant Final Terms;

**Regular Period** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount of the moneys payable has not been duly received by the Paying Agent, on or prior to such due date, the date on which (the full amount of such moneys having been so received) notice to that effect has been given to the Holders in accordance with Condition 20 (*Notices*);

**Relevant Financial Centre** has the meaning given in the relevant Final Terms;

**Relevant Indebtedness** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds, notes, debentures, loan stock or other securities not denominated in Czech koruna which are for the time being or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market;

**Relevant Rates Benchmark** means, in respect of any Notes:

- (i) each Reference Rate (or, if applicable, the index, benchmark or other price source that is referred to in the Reference Rate) other than a Rate of Interest on Fixed Rate Notes;

- (ii) each Floating Rate Option (as defined in the ISDA Definitions) (or, if applicable, the index, benchmark or other price source that is referred to in the Floating Rate Option (as defined in the ISDA Definitions)); or
- (iii) any other index, benchmark or other price source specified as a “Relevant Rates Benchmark” in the applicable Final Terms;

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Time** has the meaning given in the relevant Final Terms;

**Security** means any Security Interest created or existing over any asset or revenue of the Issuer;

**Security Interest** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**SONIA** means, in respect of any Relevant Business Day (RBDy), a reference rate equal to the daily Sterling Overnight Index Average rate for such RBDy as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in each case at or about 12.00 p.m. (London time) on the Relevant Business Day immediately following RBDy;

**Specified Currency** has the meaning given in the relevant Final Terms;

**Specified Denomination(s)** has the meaning given in the relevant Final Terms;

**Specified Office** has the meaning given in the Fiscal Agency Agreement;

**Specified Period** has the meaning given in the relevant Final Terms;

**Spread Adjustment** means the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment;

**TARGET System** means the Trans-European Automated Real-time Gross Settlement Express Transfer System (known as TARGET or T2) or any successor or replacement for that system;

**TARGET System Settlement Day** means any day on which the TARGET System is open;

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

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

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

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

**Treaty** means the Treaty establishing the European Community, as amended;

**Unadjusted Benchmark Replacement** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment;

**Weighted Average Reference Rate** means, as calculated by the Calculation Agent as at the relevant Interest Determination Date, in accordance with the following sub-paragraphs (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

- (i) where 'Lag' is specified as the Observation Method in the relevant Final Terms, the sum of the Reference Rates in respect of each calendar day during the relevant Observation Period divided by the number of calendar days in the relevant Observation Period (and, for these purposes, the Reference Rate in respect of any such calendar day which is not a Relevant Business Day shall be deemed to be the Reference Rate in respect of the Relevant Business Day immediately preceding such calendar day); or
- (ii) where 'Lock-out' is specified as the Observation Method in the relevant Final Terms, the sum of the Reference Rates in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period (and, for these purposes, the Reference Rate in respect of any such calendar day which is not a Relevant Business Day shall, subject to the following proviso, be deemed to be the Reference Rate in respect of the Relevant Business Day immediately preceding such calendar day), provided however that for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate will be deemed to be the Reference Rate in respect of the Relevant Business Day immediately preceding the Interest Determination Date for the relevant Interest Period;

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

**Zero Coupon Note** means a Note specified as such in the relevant Final Terms.

**(b) Interpretation**

In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being “outstanding” shall be construed in accordance with the Fiscal Agency Agreement; and
- (iv) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

### **3. Form Denomination and Title**

#### **(a) General**

Notes will be issued in registered form, serially numbered.

#### **(b) Form and Denomination of Notes**

Notes will be in the minimum denomination specified in the Final Terms which shall be the Authorised Denomination.

#### **(c) Register**

The Registrar will maintain a register (the **Register**) in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. In these Conditions, the **Holder of a Note** means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and **Holder** shall be construed accordingly. A certificate (each, a **Note Certificate**) will be issued to each Holder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

#### **(d) Title to Notes**

The person in whose name any Note is registered in the Register shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

#### **(e) Transfers of Notes**

Subject to paragraphs (h) (*Closed periods*) and (i) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all Notes represented by a surrendered

Note Certificate are the subject of such a transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

**(f) *Registration and delivery of Note Certificates***

Within three business days of the surrender of a Note Certificate in accordance with paragraph (e) (*Transfers of Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount of Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, **business day** means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its Specified Office.

**(g) *No charge***

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but against such indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

**(h) *Closed periods***

Holders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; (ii) during the period 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 11(b) (*Redemption at the option of the Issuer*) below; or (iii) after any such Note has been called for redemption.

**(i) *Regulations concerning transfers and registration***

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

**4. *Status of the Notes***

The Notes constitute direct, general and unconditional, unsubordinated and (subject to the provisions of Condition 6 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are mandatory and of general application to creditor rights.

**5. *Guarantee***

The payment of the principal and interest and all other amounts due under the Notes has been unconditionally and irrevocably guaranteed by the Guarantor by virtue of the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all other outstanding

unsecured and unsubordinated obligations of the Guarantor, present and future, without any preference among themselves.

## **6. Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to arise or subsist any Security upon the whole or any part of its assets or revenues, present or future, to secure any Relevant Indebtedness or any guarantee or indemnity in respect thereof unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith.

## **7. Fixed Rate Note Provisions**

### **(a) Application**

This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

### **(b) Accrual of interest**

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

### **(c) Fixed Coupon Amount**

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

### **(d) Calculation of Interest Amount**

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount or Broken Amount is not specified in the Final Terms shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub unit**

means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

## **8. Floating Rate Note and Index-Linked Interest Note Provisions**

### **(a) Application**

This Condition 8 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

### **(b) Accrual of interest**

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holders and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

### **(c) Screen Rate Determination – Term Rate**

(i) If Screen Rate Determination and Term Rate are specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

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

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

- (ii) If the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or if, in the case of (B) above, fewer than three offered quotations appear, in each case as at the time specified in the preceding paragraph, the Issuer or appointed agent on their behalf shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the time specified in the preceding paragraph on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin, all as determined by the Calculation Agent.
- (iii) If paragraph (ii) above applies and the Reference Rate is specified in the relevant Final Terms as being an inter-bank offered rate and on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately the time specified on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR), the Prague inter-bank market (if the Reference Rate is PRIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro zone inter-bank market (if the Reference Rate is EURIBOR), the Prague inter-bank market (if the Reference Rate is PRIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin, *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 8(c)(iii), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).
- (iv) If the Floating Rate Notes of any Series become immediately due and repayable under Condition 14 (*Events of Default*), the rate and/or amount of interest payable in respect of them will be calculated by the Calculation Agent at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of this Condition 8 (*Floating Rate Note and Index-Linked Interest Note Provisions*) except that the rates of interest need not be published.



(d) **Screen Rate Determination – Overnight Rate**

(i) Calculation Method – Compounded Daily Rate – Non-Index Determination

Where Screen Rate Determination and Overnight Rate are both specified in the relevant Final Terms, as the manner in which the Rate of Interest is to be determined, and where the relevant Final Terms also specify: (i) the Calculation Method as Compounded Daily Rate and (ii) Index Determination as being “Not Applicable”, the Rate of Interest for an Interest Period will, subject to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), as applicable and as provided below, be the Compounded Daily Reference Rate plus or minus the applicable Margin (as indicated in the relevant Final Terms), where:

Observation Shift

where “Observation Shift” is specified as the Observation Method in the relevant Final Terms:

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

where:

- D** is the number specified in the relevant Final Terms;
- d** is, for a relevant Observation Period, the number of calendar days in such Observation Period;
- d<sub>o</sub>** is, for a relevant Observation Period, the number of Relevant Business Days in such Observation Period;
- i** is, for a relevant Observation Period, a series of whole numbers from one to d<sub>o</sub>, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Observation Period;
- n<sub>i</sub>** for any Relevant Business Day “i” in a relevant Observation Period, means the number of calendar days from (and including) such Relevant Business Day “i” to (but excluding) the following Relevant Business Day;
- p** means, for a relevant Interest Period, the number of Relevant Business Days specified as the Observation Shift Period in the relevant Final Terms (or, if no such number is specified, five Relevant Business Days), such number being no less than five Relevant Business Days, unless otherwise agreed between the Issuer and the Fiscal Agent;
- r** means, in respect of any Relevant Business Day, (if “SONIA” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SONIA rate in respect of such Relevant Business Day or (if “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SOFR rate in respect of such Relevant Business Day or (if “€STR” is specified in the relevant Final Terms as

the applicable Reference Rate) the applicable €STR rate in respect of such Relevant Business Day; and

**r<sub>i</sub>** means, for any Relevant Business Day, the applicable SONIA rate, SOFR rate or €STR rate (as applicable) as set out in the definition of “r” above in respect of the such Relevant Business Day.

Lag

where “Lag” is specified as the Observation Method in the relevant Final Terms:

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

where:

**D** is the number specified in the relevant Final Terms;

**d** is, for a relevant Interest Period, the number of calendar days in such Interest Period;

**d<sub>0</sub>** is, for a relevant Interest Period, the number of Relevant Business Days in the relevant Interest Period;

**i** is, for a relevant Interest Period, a series of whole numbers from one to d<sub>0</sub>, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Interest Period;

**n<sub>i</sub>** for any Relevant Business Day “i” in a relevant Interest Period, means the number of calendar days from (and including) such Relevant Business Day “i” to (but excluding) the following Relevant Business Day;

**p** means the number of Relevant Business Days included in the Lag Look-Back Period specified in the relevant Final Terms (or, if no such number is specified, five Relevant Business Days), such number being no less than five Relevant Business Days, unless otherwise agreed between the Issuer and the Fiscal Agent;

**r** means, in respect of any Relevant Business Day, (if “SONIA” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SONIA rate in respect of such Relevant Business Day or (if “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SOFR rate in respect of such Relevant Business Day or (if “€STR” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable €STR rate in respect of such Relevant Business Day; and

**r<sub>i-pBD</sub>** means, for any Relevant Business Day “i” in the relevant Interest Period, the applicable SONIA rate, SOFR rate or €STR rate (as applicable) as set out in the definition of “r” above in respect of the

Relevant Business Day falling “p” Relevant Business Days prior to the applicable Relevant Business Day “i”.

Lock-out

where “Lock-out” is specified as the Observation Method in the relevant Final Terms:

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

where:

- D** is the number specified in the relevant Final Terms;
- d** is, for a relevant Interest Period, the number of calendar days in such Interest Period;
- d<sub>0</sub>** is, for a relevant Interest Period, the number of Relevant Business Days in such Interest Period;
- i** is, for a relevant Interest Period, a series of whole numbers from one to d<sub>0</sub>, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Interest Period;
- n<sub>i</sub>** for any Relevant Business Day “i” in a relevant Interest Period, means the number of calendar days from (and including) such Relevant Business Day “i” up to (but excluding) the following Relevant Business Day;
- r** means:
- (a) in respect of any Relevant Business Day “i” that is a Reference Day, (if “SONIA” is specified in relevant Final Terms as the applicable Reference Rate) the applicable SONIA rate in respect of the Relevant Business Day immediately preceding such Reference Day or (if “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SOFR rate in respect of the Relevant Business Day immediately preceding such Reference Day or (if “€STR” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable €STR rate in respect of such Relevant Business Day, and
  - (b) in respect of any Relevant Business Day “i” that is not a Reference Day (being a Relevant Business Day in the Lock-out Period), (if “SONIA” is specified in the relevant Final Terms as the applicable Reference Rate) the applicable SONIA rate in respect of the Relevant Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date) or (if “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate), the applicable SOFR rate in respect of the Relevant Business Day

immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date) or (if “€STR” is specified in the relevant Final Terms as the applicable Reference Rate), the applicable €STR rate in respect of the Relevant Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

**r<sub>i</sub>** means the applicable SONIA rate, SOFR rate or €STR rate (as applicable) as set out in the definition of “r” above for the applicable Relevant Business Day “i”;

#### Payment Delay

Where “Payment Delay” is specified as the Observation Method in the relevant Final Terms and if “SOFR” is specified in such Final Terms as the applicable Reference Rate:

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

where:

**D** is the number specified in the relevant Final Terms;

**d** is, for a relevant Interest Period, the number of calendar days in such Interest Period;

**d<sub>0</sub>** is, for a relevant Interest Period, the number of Relevant Business Days in such Interest Period;

**i** is, for a relevant Interest Period, a series of whole numbers from one to d<sub>0</sub>, each representing a Relevant Business Day in chronological order from (and including) the first Relevant Business Day in such Interest Period;

**n<sub>i</sub>** for any Relevant Business Day “i” in a relevant Interest Period, means the number of calendar days from (and including) such Relevant Business Day “i” up to (but excluding) the following Relevant Business Day;

**r** means, in respect of any Relevant Business Day, the applicable SOFR rate in respect of such Relevant Business Day;

**r<sub>i</sub>** means, for any Relevant Business Day “i” in the relevant Interest Period, the applicable SOFR rate as set out in the definition of “r” above in respect of the applicable Relevant Business Day “i”, provided that, with respect to the final Interest Period, “r<sub>i</sub>” for each Relevant Business Day in the period from (and including) the Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant earlier redemption date, as applicable, shall be equal to the applicable SOFR rate in respect of such Rate Cut-Off Date;

(ii) Calculation Method – Weighted Average Rate

Where Screen Rate Determination and Overnight Rate are both specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and where the relevant Final Terms specify the Calculation Method as Weighted Average Rate, the Rate of Interest for an Interest Period will, subject to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), as applicable and as provided below, be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

(iii) Calculation Method – Compounded Daily Rate – Index Determination

Where Screen Rate Determination and Overnight Rate are both specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and where the relevant Final Terms also specify: (i) the Calculation Method as Compounded Daily Rate and (ii) Index Determination as being “Applicable”, the Rate of Interest for an Interest Period will, and as provided below, be the relevant Compounded Daily Reference Rate with respect to such Interest Period plus or minus the applicable Margin (as indicated in the relevant Final Terms).

If “SONIA” is specified in the relevant Final Terms as the applicable Reference Rate, the Compounded Daily Reference Rate shall be the Compounded Daily SONIA Rate.

If the relevant SONIA Compounded Index is not available or has not otherwise been published or displayed by the administrator of the SONIA rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Period for which the SONIA Compounded Index is not available shall be the “Compounded Daily Reference Rate” determined in accordance with Condition (i) above as if “Index Determination” were specified in the relevant Final Terms as being “Not Applicable”, and for these purposes: (i) the “Observation Method” shall be deemed to be “Observation Shift” and (ii) the “Observation Shift Period” shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the relevant Final Terms.

If “SOFR” is specified in the relevant Final Terms, as the applicable Reference Rate, the Compounded Daily Reference Rate shall be the Compounded Daily SOFR Rate.

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

If “€STR” is specified in the relevant Final Terms as the applicable Reference Rate, the Compounded Daily Reference Rate shall be the Compounded Daily €STR.

If, as at any relevant €STR Determination Time, the relevant €STR Index is not available or has not otherwise been published or displayed on the European Central Bank's website, the Compounded Daily €STR for the applicable Interest Period for which the relevant €STR Index is not available shall be "Compounded Daily Reference Rate" determined in accordance with Condition (i) above as if "Index Determination" were specified in the relevant Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of TARGET Settlement Days, as if such alternative elections had been made in the relevant Final Terms.

(iv) Fallback provisions – SONIA

Where SONIA is specified in the relevant Final Terms as the applicable Reference Rate, then if, in respect of any Relevant Business Day on which an applicable SONIA rate is required to be determined, such SONIA rate is not available on the Relevant Screen Page (and has not otherwise been published by the relevant authorised distributors), then (unless the Agent has been notified of any Alternative Pre-nominated Reference Rate or Alternative Rate (and any related Spread Adjustment and/or adjustment determinations) pursuant to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), if applicable) the SONIA rate in respect of such Relevant Business Day shall be:

- (A) the sum of (1) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such Relevant Business Day and (2) the mean of the spread of the SONIA rate to the Bank Rate over the previous five Relevant Business Days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (B) if the Bank Rate under 7(d)(iii)(A) above is not available at the relevant time, either (1) the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Relevant Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (2) if this is more recent, the latest rate determined under (A) above,

and, in each case, "r" shall be construed accordingly under Condition 8(d) (*Screen Rate Determination – Overnight Rate*).

(v) Fallback provisions – SOFR

Subject to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), where SOFR is specified in the relevant Final Terms as the applicable Reference Rate then if, in respect of any Relevant Business Day, such Reference Rate is not available, then (unless the Agent has been notified of any Alternative Pre-nominated Reference Rate or Alternative Rate (and any related Spread Adjustment and/or adjustment determinations) pursuant to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), if applicable) the SOFR in respect of such Relevant Business Day shall be deemed to be the SOFR for the first preceding Relevant Business Day on which the SOFR was published on the SOFR Administrator's Website, and "r" shall be construed accordingly under Condition 7(d) (*Screen Rate Determination – Overnight Rate*).

(vi) Fallback provisions – €STR

Subject to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), where €STR is specified in the relevant Final Terms as the applicable Reference Rate then if, in respect of any Relevant Business Day, such Reference Rate is not available, then (unless the Agent has been notified of any Alternative Pre-nominated Reference Rate or Alternative Rate (and any related Spread Adjustment and/or adjustment determinations) pursuant to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*), if applicable) the €STR in respect of such Relevant Business Day shall be deemed to be the €STR for the first preceding Relevant Business Day on which the €STR was published on the Relevant Screen Page, and “r” shall be construed accordingly under Condition 8(d) (*Screen Rate Determination – Overnight Rate*).

(vii) Further fallbacks – SONIA, SOFR and €STR

In the event that the Rate of Interest cannot be determined in accordance with any of the foregoing provisions, but without prejudice to Condition 8(f) (*Benchmark Discontinuance and Rate Transition*) (as applicable), the Rate of Interest shall be:

- (A) that determined as at the last preceding Interest Determination Date (though substituting where a different Margin, Business Day Convention, Interest Determination Date (or any other rate fixing date), Maximum Rate of Interest and/or Minimum Rate of Interest and related provisions and definitions of the Notes is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Business Day Convention, Interest Determination Date (or any other rate fixing date), Maximum Rate of Interest and/or Minimum Rate of Interest and related provisions and definitions of the Notes (as the case may be) relating to the relevant Interest Period, in place of the Margin, Business Day Convention, Interest Determination Date (or any other rate fixing date), Maximum Rate of Interest and/or Minimum Rate of Interest and related provisions and definitions of the Notes (as applicable) relating to that last preceding Interest Period); or
- (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Business Day Convention, Interest Determination Date (or any other rate fixing date), Maximum Rate of Interest and/or Minimum Rate of Interest and related provisions and definitions of the Notes, applicable to the first scheduled Interest Period).

(e) **ISDA Determination**

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the relevant ISDA Rate plus or minus the Margin (as indicated in the relevant Final Terms), where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the Euro-zone interbank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

Notwithstanding anything in the ISDA Definitions to the contrary, the Calculation Agent will have no obligation to exercise any discretion (including in determining EURIBOR or the fallback rate), and to the extent the ISDA Definitions requires the Calculation Agent to exercise any such discretion, the Issuer, will provide written direction to the Calculation Agent specifying how such discretion should be exercised, and the Calculation Agent will be entitled to conclusively rely on that direction and act in accordance therewith without liability.

(f) ***Benchmark Discontinuance and Rate Transition***

Benchmark Discontinuance or Prohibition on Use

Notwithstanding the provisions of Condition 8(c) (*Screen Rate Determination – Term Rate*), Condition 8(d) (*Screen Rate Determination – Overnight Rate*), Condition 8(e) (*ISDA Determination*), or any other provision of these Conditions, if the Issuer, in consultation with the Calculation Agent, determines that any of the following events has occurred (each a **Benchmark Transition Event**):

- (i) a public statement or publication of information by or on behalf of the administrator of the Relevant Rates Benchmark announcing that it has ceased or will cease to provide the Relevant Rates Benchmark permanently or indefinitely, provided that, at the time of statement or publication, there is no successor administrator that will continue to provide the Relevant Rates Benchmark; or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Rates Benchmark, the central bank for the currency of the Relevant Rates Benchmark, an insolvency official with jurisdiction over the administrator of the Relevant Rates Benchmark, a resolution authority with jurisdiction over the administrator of the Relevant Rates Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator of the Relevant Rates Benchmark, which states that the administrator of the Relevant Rates Benchmark has ceased or will cease to provide the Relevant Rates Benchmark permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Relevant Rates Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor of the administrator of the Relevant Rates Benchmark that, in the view of such regulatory supervisor, such Relevant Rates Benchmark is no longer representative of an underlying market or the methodology to calculate such Relevant Rates Benchmark has materially changed; or
- (iv) unless otherwise specified in the Final Terms, an Administrator/Benchmark Event occurs in relation to a Relevant Rates Benchmark,



then the Issuer, in consultation with the Calculation Agent, may use, as a substitute for the Relevant Rates Benchmark, and for each future Interest Determination Date (or other rate fixing date), the alternative rates benchmark determined in accordance with the following provisions:

- (A) if an alternative reference rate, index or benchmark is specified in the Final Terms for this purpose (an **Alternative Pre-nominated Reference Rate**), such Alternative Pre-nominated Reference Rate; or;
- (B) if an Alternative Pre-nominated Reference Rate is not specified in the Final Terms, the alternative reference rate, index or benchmark selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) in the jurisdiction of the applicable index currency that is consistent with accepted market practice (the rate determined under sub-paragraph (A) above or this sub-paragraph (B), the **Alternative Rate**).

The Issuer, in consultation with the Calculation Agent, may determine the Spread Adjustment for the Alternative Rate or the Margin, as well as the applicable Business Day Convention, Interest Determination Dates (or any other rate fixing dates) and related provisions and definitions of the Notes, in each case that are consistent with accepted market practice for the use of such Alternative Rate or Margin for debt obligations such as the Notes.

If the Issuer, in consultation with the Calculation Agent, determines that no such Alternative Rate exists on the relevant date, it may determine an alternative rate to be used as a substitute for the Relevant Rates Benchmark (which shall be the **Alternative Rate** for the purposes of these provisions), as well as any adjustments to the Margin (including the Spread Adjustment), the Business Day Convention, the Interest Determination Dates (or any other rate fixing dates) and related provisions and definitions in respect of the Notes, in each case, that are consistent with accepted market practice for the use of such Alternative Rate for debt obligations such as the Notes.

The Issuer will then provide a notice, in accordance with Condition 21 (*Notices*), to Holders to inform them of the occurrence of any of the events listed in Conditions 8(f)(i) to 8(f)(iv) above, the Alternative Rate and any adjustment determinations which will apply to the Notes. The notice shall also confirm the effective date of the Alternative Rate and any adjustments.

Notwithstanding anything else in this Condition 8(f), if the Issuer, in consultation with the Calculation Agent, determines that the selection of a particular index, benchmark or other price as an “Alternative Rate” (taking into account any necessary adjustments that would need to be made in accordance with this Condition 8(f)): (1) is or would be unlawful under any applicable law or regulation; or (2) would contravene any applicable licensing requirements; or (3) would result in the Issuer or the Calculation Agent being considered to be administering a benchmark, index or other price source whose production, publication, methodology or governance would subject the Issuer or the Calculation Agent to material additional regulatory obligations which it is unwilling to undertake, then the Issuer shall not select such index, benchmark or price source as the Alternative Rate.

If the Issuer, in consultation with the Calculation Agent, is unable to identify an Alternative Rate and determine the necessary adjustments to the terms of the Notes, then the Issuer may, in its reasonable discretion, determine that the Notes shall be redeemed as of any later date. If the Issuer so determines that the Notes shall be redeemed, then the Issuer shall give not less than five Business Days’ notice to the Holders to redeem the Notes and upon redemption the Issuer will pay in respect of each Note an amount equal to either:

- (A) If “Early Redemption Amount (Benchmark Trigger Event) - Fair Market Value Less Costs” is specified in the Final Terms, the fair market value of such Note, on such date as is selected by the Issuer, in consultation with the Calculation Agent, in its reasonable discretion (provided that such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Notes of the reasonable cost to the Issuer and/ or any affiliate of, or the loss realised by the Issuer and/or any affiliate on, unwinding any related hedging arrangements, all as calculated by the Issuer, in consultation with the Calculation Agent, in its reasonable discretion; or
- (B) If “Early Redemption Amount (Benchmark Trigger Event) - Fair Market Value” is specified in the Final Terms, the fair market value of such Note, on such day as is selected by the Issuer, in consultation with the Calculation Agent, in its reasonable discretion (provided that such day is not more than 15 days before the date fixed for redemption of the Note), as calculated by the Issuer, in consultation with the Calculation Agent, in its reasonable discretion.

The Issuer’s obligations under the Notes shall be satisfied in full upon payment of such amount.

Reference Rate Replacement where the original Reference Rate is SOFR

If “SOFR” is specified in the relevant Final Terms as the applicable Reference Rate and “ARRC Fallbacks” is specified as being applicable in the relevant Final Terms when a Rate of Interest (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply.

If the Issuer determines on or prior to the Relevant Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer shall, subject to giving notice thereof in accordance with Condition 21 (Notices), have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Holders, including for the execution of any documents or the taking of other steps by the Bank or any of the parties to the Fiscal Agency Agreement (if required), vary the Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Replacement Conforming Changes, with effect from the date specified in such notice.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

If in the Calculation Agent’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this section, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which course of action to adopt. If the Calculation Agent is not promptly

provided with such direction, or is otherwise unable to make such calculation or determination as a result of its operational requirements for implementation and operation of the determined Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any), it shall notify the Issuer thereof and the Calculation Agent shall not incur any liability for any failure to make such calculation or determination which arises as a result thereof, save as set out in the Fiscal Agency Agreement and in the case of its negligence, fraud or wilful default.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this section, the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

**(g) *Index-Linked Interest***

If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

**(h) *Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

**(i) *Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period will be calculated by the Calculation Agent by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub-unit being rounded upwards or otherwise in accordance with applicable market convention) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub unit** means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

(j) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(k) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(l) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agent and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**9. Zero Coupon Note Provisions**

(a) ***Application***

This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount (**Amortised Face Amount**) equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (1) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (2) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes

up to such seventh day (except to the extent that there is any subsequent default in payment).

## **10. Dual Currency Note Provisions**

### **(a) *Application***

This Condition 10 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

### **(b) *Rate of Interest***

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

## **11. Redemption and Purchase**

### **(a) *Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments*).

### **(b) *Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

### **(c) *Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 11(b) (*Redemption at the option of the Issuer*), the notice to the Holders referred to in Condition 11(b) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes to be redeemed and each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

### **(d) *Redemption at the option of Holders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(d), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with the Paying Agent the

relevant Note Certificate, and a duly completed Put Option Notice in the form obtainable from the Paying Agent. The Paying Agent with which a Note or Note Certificate is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note or Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(d), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note or Note represented by such Note Certificate becomes immediately due and payable or, upon due presentation of any such Note or Note Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Paying Agent shall mail notification thereof to the depositing Holder at such address as may have been given by such Holder in the relevant Put Option Notice and shall hold such Note or Note Certificate at its Specified Office for collection by the depositing Holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note or Note Certificate is held by the Paying Agent in accordance with this Condition 11(d), the depositor of such Note or Note Certificate and not the Paying Agent shall be deemed to be the holder of such Note or Note Certificate for all purposes.

**(e) *No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (d) above.

**(f) *Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(f) or, if none is so specified, a Day Count Fraction of 30E/360.

**(g) *Purchase***

The Issuer may, at any time, purchase Notes in the open market or otherwise and at any price, which Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Paying Agent and/or the Registrar for cancellation.

**(h) *Cancellation***

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph 11(g) above shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

## **12. Payments**

### **(a) *Principal***

Payments of principal shall be made by cheque drawn in the currency in which the payment is due on, or upon application by a Holder to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Paying Agent.

### **(b) *Interest***

Payments of interest shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder to the Specified Office of the Paying Agent not later than at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Paying Agent.

### **(c) *Payments in New York City***

Payments of principal or interest may be made at the Specified Office of the Paying Agent in New York City if (i) the Issuer has appointed a Paying Agent outside the United States with the reasonable expectation that such Paying Agent will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of such Paying Agent is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

### **(d) *Payments subject to fiscal laws***

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

### **(e) *Payments on business days***

If the due date for payment of any amount in respect of any Note is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of such delay.

(f) ***Partial payments***

If the Paying Agent makes a partial payment in respect of any Note presented to it for payment, the Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(g) ***Record date***

Each payment shall be made to the person shown as the Holder in the Register at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the due date for such payment (the **Record Date**). Where payment is to be made by cheque, the cheque shall be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

**13. Taxation**

As a withholding agent, the Issuer is liable for and bears a burden of proof vis-à-vis the tax authorities with respect to (i) the proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source under the laws of the Czech Republic from any payment of principal, interest or any other amounts payable in respect of the Notes as well as (ii) the granting of any Tax Relief. Accordingly, before any Tax Relief can be granted, the Issuer will require – unless waived by the Issuer in accordance with this Condition 13 – for the Beneficial Ownership Information to be duly collected and delivered to the Issuer in accordance with the Certification Procedures.

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or under the Guarantee by or on behalf of the Guarantor shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (the **Taxes**) unless such withholding or deduction is required by law or official interpretation thereof. In such event, the Issuer or, as the case may be, the Guarantor, shall pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction are equal to the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) presented for payment in any Tax Jurisdiction; or
- (b) the Beneficial Owner of which is liable for the Taxes in respect of such Note by reason of having some connection with the Tax Jurisdiction other than that under paragraph (e) below;
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined in Condition 2 (*Interpretation*));
- (d) where any such withholding or deduction for or on account of Taxes in respect of such Note is required by reason of the Issuer or any person on behalf of the Issuer not having duly received true, accurate and complete Beneficial Ownership Information or any other similar claim for exemption, where such Beneficial Ownership Information or other claim for exemption is required or imposed under the Certification Procedures, except where this is caused by actions or omissions of the Issuer or its agents;



- (e) the Beneficial Owner of which is a Czech Tax Resident individual;
- (f) the Beneficial Owner of which is a Person Related Through Capital with the Issuer; or
- (g) the Beneficial Owner of which is liable for the Taxes on account of any Tax Security and such Tax Security being payable notwithstanding any Beneficial Ownership Information that may have been received by the Issuer under the Certification Procedures.

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

The Issuer may, at any time, waive any condition set out in this Condition 13 to the benefit of the Beneficial Owners by giving notice to the Holders in accordance with Condition 21 (*Notices*).

Notwithstanding anything to the contrary in this Condition 13, no additional amounts will be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Czech Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement (as provided in Condition 12(f) (*Payments subject to fiscal laws*)).

*See section "Taxation" for a fuller description of certain tax considerations relating to the Notes and the formalities which Holders or Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld under this Condition 13, where applicable.*

#### **14. Events of Default**

- (a) If any one or more of the following events or circumstances as modified by, and/or such other events as may be specified in, the Final Terms (each an **Event of Default**) shall occur and be continuing:
  - (i) the Issuer fails to pay any principal or interest on any of the Notes when due and payable and such failure continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
  - (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Notes or under the Fiscal Agency Agreement or the Guarantor fails to perform its obligations in respect of the Notes under the Guarantee, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default has been given to the Issuer by any Holder; or

- (iii) (A) any indebtedness for borrowed or raised money (whether present or future, actual or contingent, and including any guarantee or indemnity) of the Issuer of any amount in excess of in aggregate €10,000,000 or its equivalent in any other currency or currencies, is not paid or repaid on its due date or within any originally applicable grace period or becomes due and payable early by reason of an event of default (howsoever described) or (B) any External Indebtedness of the Guarantor or any Agency of any amount in excess of in aggregate €50,000,000 or its equivalent in any other currency or currencies is not paid or repaid on its due date or within any originally applicable grace period or becomes due and payable early by reason of an event of default (howsoever described); or
- (iv) any procedure is commenced with a view to the winding-up, liquidation, dissolution or re-organisation (other than a solvent re-organisation) of the Issuer or with a view to the appointment of an administrator, trustee or similar official in relation to the Issuer or any material part of the assets of the Issuer and is not discharged within 45 days; or
- (v) a receiver, *insolvenční správce* or similar officer is appointed in relation to the Issuer or any material part of its assets and this appointment is not discharged within 45 days; or
- (vi) the holder of any Security over any asset of the Issuer, being entitled, takes any step to enforce that Security which could have a material adverse effect on the Issuer's ability to meet its obligations under the Notes; or
- (vii) any asset of the Issuer is subject to attachment, sequestration or the execution of distress which could have a material adverse effect on the Issuer's ability to meet its obligations under the Notes and which is not discharged or stayed within 45 days; or
- (viii) the Issuer, the Guarantor or any Agency is unable to, or admits its inability to, pay its debts as and when they fall due, or seeks a composition or arrangement with its creditors or any class of them; or
- (ix) it becomes unlawful for the Issuer to perform or comply with all or any of its obligations under the Notes or any of such obligations at any time for any reason cease to be in full force and effect or are declared to be void or illegal or are repudiated or the legality, validity, priority, admissibility in evidence or enforceability of the Notes are at any time contested by the Issuer; or
- (x) the Issuer ceases to carry on or substantially changes its business; or
- (xi) a moratorium is declared, or payments are suspended, on or in respect of any External Indebtedness of the Guarantor or any Agency; or
- (xii) the Guarantor ceases to be a member in good standing, or shall cease to be eligible to use the general resources, of the IMF; or
- (xiii) the Guarantee or any of its provisions at any time for any reason ceases to be, or is claimed by the Guarantor not to be, in full force and effect,

then, subject to written notice (the **Default Notice**) being addressed and delivered by the Holders of at least 25 per cent. of the aggregate principal amount of the outstanding

Notes being given to the Fiscal Agent, the Notes held by those Holders who have given the Default Notice may be declared immediately due and payable whereupon, unless the Issuer shall have cured or otherwise rectified the relevant Event of Default, they shall become immediately due and payable at the early termination amount of each Note (the **Early Termination Amount**) (which shall be its outstanding principal amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 9(b) (*Late payment on Zero Coupon Notes*)) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Holders. Once the *de minimis* threshold of 25 per cent. of Holders of the aggregate principal amount of the outstanding Notes required to deliver the Default Notice has been obtained, unless the Issuer shall have cured or otherwise rectified the relevant Event of Default any Holder may thereafter give a Default Notice to the Fiscal Agent declaring that such Holder's Notes are immediately due and repayable as set out in this Condition 14.

- (b) Notwithstanding the foregoing, if the Fiscal Agent receives notice in writing from Holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes and/or a resolution is passed at a meeting of Holders duly convened and held in accordance with the Fiscal Agency Agreement to the effect that the Event(s) of Default giving rise to such declaration is or are cured or is or are waived by them following any such declaration and that such Holders request the Fiscal Agent to rescind the relevant declaration, the Fiscal Agent shall, by notice in writing to the Issuer and the Holders, rescind the relevant declaration whereupon it shall be rescinded and shall have no further effect. No such rescission shall affect any other or any subsequent Event of Default or any right of any Holder in relation thereto.

In this Condition **business day** means a day on which the TARGET System is open.

#### **15. Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date.

#### **16. Replacement of Notes and Note Certificates**

If any Note or Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or, as the case may be, the Registrar (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent or, as the case may be, the Transfer Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Note Certificates must be surrendered before replacements will be issued.

#### **17. Agents and Registrars**

In acting under the Fiscal Agency Agreement and in connection with the Notes, the Paying Agent and Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Paying Agent and Registrar and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or Registrar and to appoint a successor Fiscal Agent, Registrar or Calculation Agent and additional or successor Paying Agent and Transfer Agent; provided, however, that:

- (a) the Issuer shall at all times maintain a Fiscal Agent and a Registrar; and
- (b) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent); and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or Transfer Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Holders.

#### **18. Meetings of Holders; Appointment of Representative Committee and Modification**

- (a) The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting.
- (b) The Holders may, by a resolution passed at a meeting of Holders duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 50 per cent. in aggregate principle amount of any Series of Notes then outstanding, or by notice in writing to the Issuer (with a copy to the Fiscal Agent) signed by or on behalf of the Holders of at least 50 per cent. in aggregate principal amount of any Series of Notes then outstanding, appoint any person or persons as a committee to represent the interests of the Holders if any of the following events has occurred and has not been remedied or otherwise rectified:
  - (i) an Event of Default;
  - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 14 (*Events of Default*) become an Event of Default; or
  - (iii) any official public announcement by the Issuer to the effect that the Issuer is seeking, or intends to seek a restructuring of any Series of Notes (whether by amendment, exchange offer or otherwise),

provided, however, that no such appointment shall be effective if the Holders of more than 25 per cent. of the principal amount of the outstanding Notes of such Series have either (1) objected to such appointment by notification in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be either 30 days or such other period as the committee may, acting in good faith, determine be appropriate in the circumstances, or (2) voted against such resolution at a meeting of Holders duly convened and held in accordance with the provisions of the Fiscal Agency Agreement.

Such committee shall, if appointed by notice in writing to the Issuer, give notice of its appointment to all Holders of the relevant Series of Notes in accordance with Condition 21 (*Notices*) as soon as practical after notice is given to the Issuer. Such committee, in its discretion, may, among other things (i) engage legal advisers and financial advisers to assist it in representing the interests of the Holders, (ii) adopt such rules as it considers appropriate regarding its proceedings and (iii) enter into discussions with the Issuer and/or other creditors of the Issuer. The Issuer shall pay any reasonably incurred fees and expenses of any such committee (including, without limitation, the fees and expenses of the committee's legal advisers and financial advisers, if any) within 30 days of the delivery to the Issuer of a reasonably detailed invoice and supporting documentation.

- (c) The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Notes of any Series, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

## **19. Tax Amendments**

Subject to the Issuer acting in good faith and in a commercially reasonable manner and with not less than 30 days' notice being given to the Holders in accordance with Condition 21 (*Notices*) of any such determination or specification, the Issuer is entitled to make any modification or amendment, without the consent of the Holders, to any provision of the Notes or the Fiscal Agency Agreement in order to provide for the procedures by which Holders may provide the Beneficial Ownership Information in accordance with the Certification Procedures, including any related refund procedures in respect of any Taxes withheld or deducted, and further modify, amend or supplement Condition 13 (*Taxation*) or any provisions of the Fiscal Agency Agreement to, among other reasons, reflect:

- (a) a change in applicable Czech law or regulation (including any published practice) in respect of the Certification Procedures, or any ruling or official interpretation thereof;
- (b) a requirement imposed by the Czech tax authorities or another competent authority in respect of the Certification Procedures;
- (c) a change in the standard market approach in respect of the Certification Procedures; or
- (d) a change in any applicable rules or procedures of any party to the implementation of the Certification Procedures.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders by the Issuer in accordance with Condition 21 (*Notices*) as soon as reasonably practicable thereafter.

## 20. Further Issues

The Issuer may from time to time, without the consent of the Holders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

## 21. Notices

Notices to the Holders of Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Holders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

## 22. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Holder, on the written demand of such Holder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 23. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent., being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 24. Redenomination, Renominalisation and Reconventioning

- (a) **Application:** This Condition 24 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- (b) **Notice of redenomination:** If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Holders, on giving at least 30 days' prior notice to the Holders and the Paying Agent, designate a date (**Redenomination Date**), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) **Redenomination:** Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
  - (i) the Notes shall be deemed to be redenominated into Euro in the denomination of Euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Union regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent then market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Holders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agent of such deemed amendments;
  - (ii) if Notes have been issued in definitive form, new certificates denominated in euro will be issued in exchange for certificates denominated in the Specified Currency in such manner as the Fiscal Agent or the Registrar may specify from the date on which the Issuer gives notice to the Holders that replacement Notes denominated in euro are available for exchange, as shall be notified to Holders in such notice;
  - (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a subdivision of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro by cheque drawn on, or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State.
  - (iv) **Interest:** Following redenomination of the Notes pursuant to this Condition 24, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented for payment by the relevant holder.
  - (v) **Interest Determination Date:** If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of

Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET System Settlement Day before the first day of the relevant Interest Period.

**25. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

**26. Governing Law**

The terms and conditions of the Notes and all matters (including any non-contractual obligations) arising from or connected with the Notes, the Fiscal Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law. The Guarantee shall be governed by Czech law.

**27. Jurisdiction**

- (a) The Issuer irrevocably agrees for the benefit of the Holders of the Notes that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may *arise* out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) (respectively, **Proceedings** and **Disputes**) and, for such purposes, irrevocably submits to the exclusive jurisdiction of such courts.
- (b) The Issuer irrevocably waives any *objection* which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- (c) The Issuer has irrevocably appointed the Consul Department of the Embassy of the Czech Republic in London, currently located at 26 Kensington Palace Gardens, London W8 4QY, as its authorised agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England it will promptly appoint a substitute process agent and notify the Holders of the Notes of such appointment. Nothing contained herein shall affect the right of any Holder of a Note to serve process in any other manner permitted by law.
- (d) The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which *may* be made or given in such Proceedings subject, in the case of any property, to the matters specifically provided for in Condition (e) below.
- (e) To the extent that the Issuer or any of its revenues, assets or properties shall be entitled to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to



the extent that in any such jurisdiction there shall be attributed such an immunity, the Issuer irrevocably waives such immunity to the fullest extent permitted by the laws of such *jurisdiction*. Such waiver of immunities constitutes only a limited and specific waiver by the Issuer for the purposes of this Agreement and under no circumstances shall it be construed as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to this Agreement.

## SUMMARY OF PROVISIONS RELATING TO NOTES WHILE IN GLOBAL FORM

### Relationship of Accountholders with Clearing Systems

References in the Terms and Conditions of the Notes to **Holders** are references to the person in whose name such Global Note is for the time being registered in the Register which, for so long as the Global Note is held by or on behalf of a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or a nominee for that depository or common depository.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear, Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the registered owner of the Global Note.

### Global Note

Notes will initially be represented by a Global Note and will either be: (i) in the case of a Global Note which is not to be held under the New Safekeeping Structure (**NSS**), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note will be deposited on or about the issue date with the common depository; or (ii) in the case of a Global Note to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

### Exchange

The Global Note will become exchangeable in whole, but not in part, for individual Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms as being at the option of such holder of a Global Note upon such holder's request; or
- (c) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (d) if any of the circumstances described in Condition 14 occurs.

The exchange upon notice option described in paragraphs (a) and (b) above should not be expressed to be applicable under the form of Notes in the relevant Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount.

Whenever the Global Note is to be exchanged for individual Notes, such Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Note within five business days of the delivery, by or on behalf of the registered Holder of the Global Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar or the Transfer Agent (as the case may be) of such information as is required to complete and deliver such Notes (including, without limitation, the names and addresses of the persons in whose names the Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note at the Specified Office of the Registrar or the Transfer Agent (as the case may be). Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar or the Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Notes have not been issued and delivered by 5:00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note; or
- (b) any of the Notes evidenced by the Global Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note on the due date for payment in accordance with the terms of the Global Note,

then the Global Note (including the obligation to deliver Notes) will become void at 5:00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (London time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the registered Holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or other relevant clearing system (as the case may be).

### **Conditions applicable to Global Notes**

Each Global Note will contain provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes set out in this Alleivated Base Prospectus. The following is a summary of certain of those provisions:

- (a) *Meetings:* The holder of Notes represented by a Global Note shall (unless such Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of holders. All holders of Notes are entitled to one vote in respect of each Note comprising such holder's holding, whether or not represented by a Global Note.
- (b) *Cancellation:* Cancellation of any Note required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Note.

- (c) *Purchase:* Notes represented by a Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- (d) *Issuer's Options:* Any option of the Issuer provided for in the Conditions of the Notes shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of Accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).
- (e) *Holder's Options:* Any option of the holders provided for in the Conditions of any Notes may be exercised by giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with the Registrar, substantially in the form of the notice available from the Registrar, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Global Note to Registrar.
- (f) *Notices:* Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Global Note and the Global Note deposited with a depositary or a common depositary for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or in the case of a Global Note issued under the NSS, with a common safekeeper, notices to Holders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 21 (*Notices*) on the date of delivery to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system provided, however, that so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) or published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

*Record Date:* Payments of principal and interest in respect of Notes evidenced by a Global Note will be made without presentation for endorsement by the Fiscal Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the relevant Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes. All payments in respect of notes represented by a Global Note will be made to, or to the order of, the person whose name is entered on the register at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the due date for such payment.

### **Partly Paid Notes**

While any Partly Paid Instalments due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Note. If any holder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to such holder in respect of them.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**[MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the United Kingdom (the **UK**) by virtue of the European Union (Withdrawal) Act 2018 (as amended, the **EUWA**) (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate [*Consider any negative target market*]. [Any person subsequently offering, selling or recommending the Notes (a **distributor**)] [distributor] should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[MIFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][ non- advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

**[UK MiFIR product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is

retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (**UK MiFIR**); **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, and] portfolio management[, and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable].]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the [European Union (Withdrawal) Act 2018 (as amended, the **EUWA**)]**[EUWA]**; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of [Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA]**[UK MiFIR]**; or (iii) not a qualified investor as defined in Article 2 of [Regulation (EU) 2017/1129]**[the Prospectus Regulation]** as it forms part of the domestic law of the UK by virtue of the EUWA (the **UK Prospectus Regulation**). Consequently, no key information document required by [Regulation (EU) No 1286/2014]**[the PRIIPs Regulation]** as it forms part of the domestic law of the UK by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

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<sup>1</sup> Include where “Prohibition of Sales to EEA Retail Investors” under Part B item 9 (*Distribution*) of the Final Terms specifies “Applicable”.

<sup>2</sup> Include where “Prohibition of Sales to UK Retail Investors” under Part B item 9 (*Distribution*) of the Final Terms specifies “Applicable”.

Final Terms dated [●].

**ČESKÁ EXPORTNÍ BANKA, A.S.**

**Legal entity identifier (LEI): DW6MQVZNJSSKVELT9F22**  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the

**€1,500,000,000 Euro Medium Term Note Programme**

**guaranteed by statute by the Czech Republic**

This document constitutes the Final Terms relating to the issue of Notes described herein. [Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Alleviated Base Prospectus dated 24 May 2023 [as supplemented by the supplemental Alleviated Base Prospectus dated [date]] ([together, ]the **Alleviated Base prospectus**). These Final Terms contain the final terms of the Notes and must be read in conjunction with such Alleviated Base Prospectus.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Alleviated Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Alleviated Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Alleviated Base Prospectus dated 24 May 2023 [and the supplemental Alleviated Base Prospectus dated [date], save in respect of the Conditions which are [extracted from the Alleviated Base Prospectus dated [original date] and are attached hereto/set forth in the Alleviated Base Prospectus dated [original date] and are incorporated by reference in this Alleviated Base Prospectus].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms]*

**PART A – CONTRACTUAL TERMS**

- |    |       |  |  |
|----|-------|--|--|
| 1. | (i)   | Issuer:  | Česká exportní banka, a.s.   |
|    | (ii)  | Guarantor:   | The Czech Republic   |
| 2. | [i]   | Series Number:   | [●]  |
|    | [ii]  | [Tranche Number:   | [●]]   |
|    | [iii] | Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [●] on [insert date/the Issue Date.] / [Not Applicable]] |
- [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*

3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes admitted to trading:
- [(i)] Series: [●]
- [(ii)] [Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations:<sup>3</sup> [●]
- (ii) Calculation Amount:<sup>4</sup> [●]
7. [(i)] Issue Date: [●]
- (ii) Trade Date: [●]
- (iii) [Interest Commencement Date:] [[●]/Issue Date/Not Applicable]
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*  
*[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another*

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<sup>3</sup> If an issue of Notes is (i) NOT admitted to trading on a regulated market in the EEA; and (ii) only offered in the EEA in circumstances where a prospectus is not required to be published under the Prospectus Regulation, the €100,000 minimum denomination is not required. Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). If the specified denomination is expressed to be €100,000 or its equivalent and integral multiples of a lower principal amount (for example, €1,000) in excess thereof, insert the additional wording as follows. “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000], No Notes in definitive form will be issued with a denomination above [€199,000].”

<sup>4</sup> The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example, €1,000) in excess thereof the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).



*applicable exemption from section 19 of the FSMA must be available.]*

9. Interest Basis: [[●] per cent. Fixed Rate]  
[[€STR/EURIBOR/PRIBOR/SOFR/SONIA/*specify other*] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount]  
[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior]  
(ii) Status of the Guarantee: [Senior]  
(iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●], respectively]/[Not Applicable]  
*(N.B Only relevant where authorisation is required for the particular tranche of Notes)*
14. Method of distribution: [Syndicated/Non syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent., per annum [payable [annually/semi annually/quarterly/monthly/other (*specify*)] in arrear]

- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of Business Day]* / not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Day Count Fraction: [30/360 / Actual / Actual (ICMA/ISDA) /other]
- (vi) Interest Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]  
(*Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual (ICMA) basis.*)
16. Floating Rate Note Provisions [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub paragraphs of this paragraph*)
- (i) Interest Period(s): [●][, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to any adjustment, as the Business Day Convention in (iii) below is specified to be Not Applicable]
- (ii) Specified Period(s): [●]  
(*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".*)
- (iii) Specified Interest Payment Dates: [●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any

adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]

*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)*

*(Text to be included where the Reference Rate is SOFR and the Observation Method is Payment Delay. Specified Interest Payment Dates will not normally be subject to adjustment where the Reference Rate is SOFR and the Observation Method is Payment Delay.)*

- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)] [Not Applicable]
- (vi) Additional Business Centre(s): [Not Applicable/ (give details)]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination / ISDA Determination/other (give details)]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [[●]/Not Applicable]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
  - Term Rate: [Applicable/Not Applicable]
  - Overnight Rate: [Applicable/Not Applicable]

*(If not applicable, delete the remaining limbs of this sub-paragraph)*

  - Calculation Method: [Compounded Daily Rate/Weighted Average Rate/Not Applicable]
  - Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]

*(N.B. Lock-out is only applicable where the Reference Rate is SOFR)*

  - Lag Look-back Period: [5/[●] Relevant Business Days][Not Applicable]

- Observation Shift [5/[●] Relevant Business Days][Not Applicable]  
Period:
- D: [365/360/[ ]] days
- ARRC Fallbacks: [Applicable / Not Applicable]  
  
(*N.B. only applicable where the Reference Rate is SOFR*)
- Index Determination: [Applicable / Not Applicable]  
  
(*‘Index Determination’ should only be specified as ‘Applicable’, if the ‘Calculation Method’ is specified as ‘Compounded Daily Rate’, If ‘Index Determination’ is ‘Applicable’, insert number of days (expected to be five or greater) as the Relevant Number, and the bullets under ‘Calculation Method’ should be specified as ‘Not Applicable’.*)  
  
(*If ‘Index Determination’ is ‘Not Applicable’, delete ‘Relevant Number’ and complete the bullets under ‘Calculation Method’.*)
- Relevant Number: [5]/[U.S. Government Securities Business Days][Not Applicable]
- Reference Rate: [[●] month [€STR/ EURIBOR/ PRIBOR/ SOFR/ SONIA] / [*Specify rate*]]
- Applicable Maturity [●]
- Relevant Time: [*For example, 11.00 a.m. London time/Brussels/New York time*]
- Interest Determination Date(s): [Second day on which the TARGET System is open prior to the start of each Interest Period] (*if EURIBOR*)  
  
[Second Prague business day prior to the start of each Interest Period] (*if PRIBOR*)  
  
[[●] London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days prior to the Interest Payment Date for such Interest Period]  
  
[*specify other*]

- Reference Banks: [●]
- Relevant Financial Centre: [●]
- Relevant Screen Page: [●]  
*(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate)*
- Rate Cut-Off Period: [[●] U.S. Government Securities Business Days]/[Not Applicable]  
*(Only applicable where the Observation Method is Payment Delay)*
- Relevant Time: [●]
- (x) ISDA Determination : [Applicable/Not Applicable]  
*(if not applicable, delete the remaining paragraphs of this paragraph)*
- Floating Rate Option: [●]  
*(If 2021 ISDA Definitions is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- Designated Maturity: [●]
- Reset Date: [●]  
*(In the case of a EURIBOR based option, the first day of the Interest Period)*  
  
*(N.B. The fallback provisions applicable to ISDA Determination under the ISDA Definitions are reliant upon the provision by reference banks of offered quotations for EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- ISDA Definitions: [2006]/[2021]
- (xi) Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*
- (xii) Margin(s): [+/-][●] per cent. per annum

- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction : [30/360]/[Actual/Actual  
(ICMA/ISDA)]/[Actual/360]/[other]
- (xvi) Relevant Rates Benchmark: [as per the [2006]/[2021] ISDA Definitions]  
[●]
- (xvii) Other Relevant Rates Benchmark: [●] (*specify any applicable Relevant Rates Benchmark which is not a Reference Rate. Otherwise delete line*)
- (xviii) Alternative Pre-nominated Reference Rate: [specify][Not Applicable] (*specify in respect of each Relevant Rates Benchmark*)
17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction: [30/360][Actual/360][Actual/365][●]
- Any other formula/basis of determining amount payable: [●]
18. Index Linked Interest Note Provisions/other variable-linked interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *[give or annex details]*
- (ii) Party responsible for calculating the interest: [●]/[the Calculation Agent]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or

impracticable or otherwise disrupted:

(vi) Interest or calculation period(s): [●]

(vii) Specified Period(s): [●]

*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)*

(viii) Specified Interest Payment Dates: [●]

*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)*

(ix) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

(x) Additional Business Centre(s): [●]

(xi) Minimum Rate/Amount of Interest: [●] per cent. per annum

(xii) Maximum Rate/Amount of Interest: [●] per cent. per annum

(xiii) Day Count Fraction : [30/360]/[Actual/Actual (ICMA/ISDA)]/[Actual/360]/[other]

19. Dual Currency Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

(ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Agent]): [●]

(iii) Provisions applicable where calculation by reference to Rate [●]

of Exchange impossible or impracticable:

- (iv) Person at whose option  Specified Currency(ies) is/are payable:

## PROVISIONS RELATING TO REDEMPTION

20. Call Option  [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):  per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount:  per Calculation Amount
- (b) Maximum Redemption Amount  per Calculation Amount

(iv) Notice period:

21. Put Option  [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):  per Calculation Amount

(iii) Notice period:

22. Final Redemption Amount of each Note  [Applicable/Not Applicable]



In cases where the Final Redemption Amount is Index-Linked or other variable -linked

- (i) Index/Formula/variable: [give or annex details]
- (ii) Party, if any, responsible for calculating the Final Redemption Amount (if not the [Agent]): [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/ or Formula and/or other variable: [●]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/ or Formula and/or other variable: [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/ or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Minimum Final Redemption Amount: [●] per Calculation Amount
- (vii) Maximum Final Redemption Amount: [●] per Calculation Amount

23. Early Redemption Amount

Early Redemption Amount(s) per Calculation Amount payable on early redemption or on event of default (Condition 14) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [[●] per Calculation Amount/Not Applicable  
*(if the Early Termination Amount is the principal amount of the Notes/specify the Early Termination Amount if different from the principal amount of the Notes)]*

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Regulation S Global Note (US\$/€[ ] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]
25. New Safekeeping Structure: [Yes][No]
26. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(ix) relates]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
28. Details relating to Instalment Notes [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 24 (*Redenomination, Renominatisation and Reconventioning*)] [annexed to these Final Terms] apply]
30. Consolidation provisions: [Not Applicable/give details]
31. Other terms or special conditions: [Not Applicable /give details]
- (When adding any other final terms, consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Alleviated Base Prospectus.)*

## DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]

- (ii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
33. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
34. U.S. Selling Restrictions: [Reg. S Compliance Category: TEFRA not applicable]<sup>5</sup>  
[Applicable/Not Applicable]
35. Additional selling restrictions: [Not Applicable/give details]  
[Applicable/Not Applicable]
36. Prohibition of Sales to EEA Retail Investors:  
*(If the Notes may constitute “packaged” products and no key information document will be prepared, sales of such Notes to EEA Retail Investors should be prohibited and, therefore, “Applicable” should be specified).*  
  
*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, sales of such Notes to EEA Retail Investors do not need to be prohibited and, therefore, “Not Applicable” should be specified).*
37. Prohibition of Sales to UK Retail Investors:  
*(If the Notes may constitute “packaged” products and no key information document will be prepared, sales of such Notes to UK Retail Investors should be prohibited and, therefore, “Applicable” should be specified).*  
  
*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, sales of such Notes to UK Retail Investors do not need to be prohibited and, therefore, “Not Applicable” should be specified).*
38. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

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<sup>5</sup> “TEFRA not applicable” may only be used in the case of Notes with a maturity of one year or less (taking into account any unilateral extension or rollover rights).

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and admission to trading on the [Luxembourg Stock Exchange][*other market*] of the Notes described herein] pursuant to the Issuer's €1,500,000,000 Euro Medium Term Note Programme.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

## PART B OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Luxembourg/None/other (*specify*)]
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [●]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [●]].] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

[RATING]

- (iii) Estimate of total expenses: [●]

### 2. RATINGS

[Not Applicable]

[The Notes to be issued [have been/are expected to be] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]. [Specify meaning of the rating]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Standard & Poor's Global Ratings Europe Limited: "[●]" (for unsecured Notes with a maturity of one year or more) and "[●]" (for unsecured Notes with a maturity of less than one year)]

[Moody's Deutschland GmbH]: "[●]"

[Fitch Ratings Limited]\*: "[●]"

(Other\*: The exact legal name of the rating agency entity providing the rating should be specified-for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.)

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. **ESTIMATED NET PROCEEDS**

Estimated net proceeds: [●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

4. **[Fixed Rate Notes Only — YIELD**

Indication of yield: [●]

Calculated as [include details of method of calculation in summary form] on the Issue Date.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **[Floating Rate Notes Only — HISTORIC INTEREST RATES**

Details of historic [EURIBOR/other] rates can be obtained from [Reuters].]

6. **[Floating Rate Notes Only – BENCHMARKS REGULATION**

[Reference Rate] is provided by [administrator]. As at the date of these Final Terms, [administrator] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).]

7. **[Index Linked or other variable linked Notes only -**

**PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

8. *[Dual Currency Notes only]*

**PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described trigger the need for a supplement to the Alleviated Base Prospectus in accordance with the terms of the Alleviated Base Prospectus.)]*

9. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give *name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of initial Paying Agent(s) (if any): [●]
- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Not Applicable]  
[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]  
  
[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the

future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(viii) Relevant Benchmark:

[[[€STR/EURIBOR]/[PRIBOR]/[SOFR]/[SONIA]/[specify benchmark] is provided by [administrator legal name]]. As at the date hereof, [[administrator legal name][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).]/[Not Applicable]



## **USE OF PROCEEDS**

The net proceeds of any Notes issued under the Programme will be used for the general funding purposes of the Issuer to provide officially supported financing and refinancing of exports and investments abroad pursuant to the Act No. 58/1995 Coll., on the insurance and financing of exports with state support, as amended (the **Act**).

## DESCRIPTION OF THE ISSUER

### Overview

CEB is a specialised banking institution providing export financing with the support of the Czech Republic (the **State**) to promote Czech exports. CEB was incorporated under the laws of the Czech Republic as a joint-stock company on 1 March 1995, having been founded by the State pursuant to an Association Agreement dated 22 December 1994. CEB's registered office is at Vodičkova 34/701, 111 21 Prague 1, Czech Republic. CEB is registered in the Commercial Register maintained by the Municipal Court in Prague, under File Number B 3042, its Identification Number being 630 78 333.

CEB is a 100 per cent. directly and non-directly State-owned and controlled bank, 84 per cent. of its shares being held directly by the State, with the remaining 16 per cent. being held by Exportní garanční a pojišťovací společnost, a.s. (the **Export Guarantee and Insurance Corporation** or **EGAP**), which itself is 100 per cent. State-owned. The State is represented in CEB by the Ministry of Finance. CEB's share capital of CZK 5 billion is divided into 150 registered shares of nominal value of CZK 10 million each and 3,500 registered shares of nominal value of CZK 1 million each. Section 6 of the Act stipulates that it is the condition for the provision of officially supported financing that the State shall maintain at least two-thirds ownership of CEB, while EGAP shall hold the remaining portion.

On 25 November 2019, the Government of the Czech Republic approved the shareholder take-over of CEB by EGAP. An amendment to the Act (the **Amendment**) enabling the shareholder structure change was discussed in the Chamber of Deputies of the Czech Parliament and the Amendment passed one reading, but the legislative process was not completed by the end of the parliamentary term due to new elections into the Chamber of Deputies in October 2021). As of the date of this Alleviated Base Prospectus, the Amendment has not been re-introduced by the Government of the Czech Republic in the Chamber of Deputies and the management of the Issuer is not aware of any plans for the Amendment to be re-introduced. As part of a series of measures aimed at cutting budget deficit, the National Economic Council (NERV), an advisory body of the Government of the Czech Republic, has introduced a proposal for a potential merger of CEB and Národní rozvojová banka, a.s. (National Development Bank). As of the date of this Alleviated Base Prospectus, the Government of the Czech Republic has not issued any statement, and no further developments or specific steps have been taken, in relation to this proposal, which, if adopted by the Government of the Czech Republic, would have to go through the legislative process.

CEB's obligations to repay financial resources it has obtained, as well as its obligations arising from other transactions on the financial markets, are fully guaranteed by the State as set out in Section 8 of the Act. CEB currently operates under a banking licence issued on 19 September 2003, which was amended and extended on 30 September 2003 and further extended on 16 December 2005, 6 January 2011, and on 27 May 2013. The banking licence supplements CEB's original banking licence issued on 6 February 1995 and amended on 27 June 1996. As such, CEB operates as a bank according to banking regulations of the Czech Republic and is subject to the supervision carried out by the Czech National Bank (the **CNB** or the **Czech National Bank**).

CEB's mission is to provide state support for exports by granting export credits and by providing other export-associated banking services in accordance with the Act. CEB complements the services offered by other banks operating in the Czech Republic with financing export transactions which require medium- or long-term funding at interest rates and in volumes otherwise unattainable for exporters in the banking market with the aim to enable Czech exporters to compete internationally on terms comparable with those available to their foreign competitors.

CEB provides officially supported export financing in accordance with principles derived from the EU rules as well as from the Czech Republic's membership in the World Trade Organization (the **WTO**) and the international rules enshrined in "The Arrangement on Officially Supported Export Credits" (the

so-called **OECD Consensus**), which are binding on the Czech Republic and have been incorporated into EU legislation.

Since the rules of the OECD Consensus have been adopted as binding by the EU, the compliance and adaptation of Czech legislation in accordance with the OECD directives formed a major part of the preparations for the Czech Republic's entry to the EU. The transparent conditions stipulated for CEB's activity aim to enhance its credibility and international standing, and create favourable conditions for its integration into the banking system of the EU.

CEB provides officially supported export financing where such financing is in accordance with international arrangements and the provisions of the OECD Consensus. Although not mandatory, it is CEB's policy and practice (if possible) to obtain the insurance from EGAP in the form of an appropriate officially supported insurance product when providing officially supported export financing.

Any profit generated by CEB is reinvested into reserve funds used to cover potential future losses or can be distributed to the State through dividend payment. CEB raises the financial resources needed to provide financing primarily on foreign and domestic money and capital markets. The State guarantees repayment of these resources and other obligations of CEB arising from its operations under Section 8 of the Act. Losses resulting from interest-rate differences between funds obtained and loans extended are borne by the state budget.

In October 2022, Standard & Poor's affirmed CEB's foreign currency credit rating at AA- with a stable outlook.

## **History**

In February 1995, CEB received a banking licence from the CNB which enables it to accept deposits, provide loans, carry out payments and settlements, trade on its own account in foreign currencies, etc. In June 1996, this licence was expanded primarily to include the granting of guarantees. In September 2003, the new licence covering the preceding activities as well as other activities in respect of letters of credit, documentary collections and securities was issued. To further extend the level of comfort and hedging for its clients, in May 2013 CEB obtained a new licence allowing CEB to provide selected financial services to clients. Whilst CEB's license allows it to perform these activities, its fundamental role as an export credit agency means that it generally avoids involvement in transactions which could be completed by commercial banks on market terms and conditions.

The Czech Parliament passed the Act, which formally defined the roles and activities of CEB and EGAP on 14 March 1995. The Act also stipulates the relationship of CEB and EGAP with the State. According to the Act, CEB has been authorized to finance Czech exports and EGAP is to provide insurance for risks arising from financing exports of Czech goods and services.

## **Co-operation with the OECD**

Over the past several years, CEB has continued to play its role in the Working Party on Export Credits and Credit Guarantees (ECG) of the OECD Directorate for Trade and Agriculture and in the OECD Consensus Participants group. EGAP officially represents the Czech Republic at meetings of both bodies.

## **Activities**

### ***Summary***

The majority of CEB's activities have been focused on financing in the form of medium- and long-term loans. Since 1996, CEB has offered additional products such as short-term trade finance, pre-export

finance and bank guarantees. As of 31 December 2022, the loans and receivables at amortised cost amounted to CZK 25,575 million and accounted for 78.8 per cent. of CEB's total assets. Of this amount, CZK 15,802 million were receivables from entities other than credit institutions which decreased year-on-year by 28.7 per cent. In 2022, receivables from credit institutions and the central bank increased year-on-year by 66.3 per cent. to CZK 9,773 million.

CEB's CET1 capital ratio as of 31 December 2022 was 131.92 per cent. and 142.90 per cent. as of 31 December 2021.

### Credit Portfolio Structure

During the recent years, CEB has experienced a shift in its activities from providing simple export credits to providing more sophisticated products, including structured products provided in co-operation with commercial banks.

The total principal amount of provided loans and purchased receivables decreased year-on-year by CZK 6,960 million to CZK 16,004 million, i.e. by 30.3 per cent., as of 31 December 2022 and represented 49.3 per cent. of CEB's total assets.

The main reasons for this development were lower volumes of new contracts concluded in 2020 and 2021, a delayed development and related time shift in drawing loans in respect of some business cases, early repayment or extraordinary instalments in respect of some exposures in Russia, mutual offset of receivables against obtained insurance settlement, sale of non-performing receivables, and appreciation of the exchange rate of the CZK to EUR.

In respect of the principal structure of provided loans by contractual currency, as of 31 December 2022, loans denominated in EUR represented 79.2 per cent. (2021: 87.8 per cent.) and loans provided in USD represented 20.8 per cent. (2021: 12.2 per cent.) of CEB's loan portfolio. As of 31 December 2022 and 2021, there were no loans provided in CZK.

At the end of 2022, the total principal amount of loans provided in EUR was EUR 526 million and the total principal amount of loans provided in USD was USD 147 million. At the end of 2022, the total principal amount of loans provided in EUR decreased year-on-year by 37.1 per cent. when translated to CZK as the volume of receivables repaid in EUR was higher than the volume of the amounts drawn in EUR in 2022. The total principal amount of loans provided in USD increased year-on-year by 18.6 per cent. as a result of newly drawn loans denominated in USD when translated to CZK. As of 31 December 2022 and 2021, there were no loans provided in CZK.

The structure of the principal amount of provided loans by the contractual maturity of loans remained almost the same from a year-on-year perspective. This parameter is influenced by two factors: the type of the exported goods financed by CEB both in the past and now, or the type of the investment financed by CEB both in the past and now, and the related maturity periods of the provided loan products, which are mainly long-term loans as is evidenced by in the table below, which shows the structure of CEB's loan portfolio by contractual maturity:

	As of 31 December 2022	As of 31 December 2021
	Share (per cent.)	Share (per cent.)
Long-term (more than 5 years)	95.87	97.85
Medium-term (4-5 years)	1.08	1.19
Medium-term (2-4 years)	2.91	0.57
Medium-term (1-2 years)	0.09	0.21
Short-term (up to 1 year)	0.05	0.18

The geographic breakdown of CEB's credit portfolio as at 31 December 2022 and 31 December 2021 is set out in the following table:

	<b>As of 31 December 2022</b>	
	<b>Carrying amount (net)</b>	
	<b>(CZK millions)</b>	<b>Share (per cent.)</b>
Czech Republic	754	97.16
Luxembourg	22	2.84
<b>Debt instruments at amortised cost</b>	<b>776</b>	<b>100.00</b>
Azerbaijan	1,024	4.00
Czech Republic	9,832	38.44
Indonesia	2,339	9.15
Russia	2,399	9.38
Slovak Republic	7,423	29.02
Switzerland	851	3.33
Turkey	934	3.65
Ukraine	58	0.23
Other	715	2.80
<b>Loans and receivables at amortised cost</b>	<b>25,575</b>	<b>100.00</b>
Czech Republic	1,184	95.95
Slovak Republic	50	4.05
<b>Debt securities at fair value recognized in OCI</b>	<b>1,234</b>	<b>100.00</b>

	<b>As of 31 December 2021</b>	
	<b>Carrying amount (net)</b>	
	<b>(CZK millions)</b>	<b>Share (per cent.)</b>
Czech Republic	1,114	100.00
<b>Debt instruments at amortised cost</b>	<b>1,114</b>	<b>100.00</b>
Azerbaijan	1,361	4.86
Czech Republic	4,788	17.08
Indonesia	2,552	9.11
Russia	4,318	15.41
Slovak Republic	8,404	29.99
Turkey	5,010	17.88
Other	1,592	5.68
<b>Loans and receivables at amortised cost</b>	<b>28,025</b>	<b>100.00</b>
Czech Republic	1,297	87.93
Slovak Republic	125	8.47
Luxembourg	53	3.59
<b>Debt securities at fair value recognized in OCI</b>	<b>1,475</b>	<b>100.00</b>

## Products

CEB provides the following export financing products:

- medium-term and long-term export credits with a repayment term between two and twelve years. Terms and conditions of credits and the level of official support, in particular concerning repayment terms and interest rates, are in full compliance with the OECD Consensus:
  - buyer's credits – credits extended to the buyer, i.e. to the foreign importer or to the importer's bank; and

- supplier’s credits – credits to the Czech exporter or the refinancing of credits extended by the exporter’s bank;
- financing of large infrastructure or utilities projects with project finance elements (provided predominantly as buyer’s credits);
- credits for financing production intended for export (pre-export financing), i.e. special-purpose short-term credits at market terms extended to exporters in relation to concluded contracts; such credits may take the form of both direct and refinancing credits, and may also be extended on a revolving basis;
- credits for the financing of investments of Czech legal entities abroad which are long-term loans supporting the capital interests of a Czech entity in a foreign country;
- guarantees covering obligations of Czech producers issued in favour of foreign beneficiaries and related to the performance of export contracts, i.e. bid bonds, advance payment guarantees, performance bonds and warranty bonds under which CEB guarantees that the exporter will fulfil its contractual obligations; and
- purchase of short-term export receivables.

One of CEB’s long-term strategic objectives is to further develop its product portfolio and adjust its product range to be comparable with developed foreign export credit agencies, which CEB considers to be its main competitors. In this context, 2022 can be considered a breakthrough year. An amendment to the Act, which came into effect on 1 December 2022, enables CEB to offer product solutions aimed at meeting the needs of Czech export-oriented companies in the field of investments and at increasing export capabilities, export potential and international competitiveness of Czech export-oriented companies.

The ability to maintain and further increase the international competitiveness of Czech export-oriented companies (i.e. not the first time exporters but companies with experience in the field of exports) is of key importance with regard to the challenges to which the Czech economy, which is predominantly open and export-oriented, is exposed. The economic aftermath of the global Covid-19 pandemic, significant changes and instability in the field of global supplier-customer chains, unprecedented deterioration of the security situation in Europe, the necessity to respond to fundamental changes in the energy sector, in energies and energy prices and, last but not least, the necessity to carry out a fundamental reform of the economy with a focus on decarbonisation and sustainability, create significant challenges for the entire economy. CEB’s aim is to offer products that help Czech export-oriented companies face these challenges. CEB’s product range has been extended by new products in the first quarter of 2023.

CEB’s product offering, is expected to be rolled out during 2023. In addition to introducing these new credit products, such as the loan for increasing international competitiveness and other services for support of export-oriented companies, CEB intends to continue analysing and proposing other ways and options for extending its product portfolio, such as by extending the number of options of providing supported financing products based on general agreements or effective servicing of small and medium-sized export-oriented companies in close cooperation with commercial banks.

To support the competitiveness of Czech exporters, CEB offers additional services such as structured framework credit agreements with banks in the Czech exporters’ target markets, the development of financing structures for large-scale exports and advisory and consultancy services.

## Export financing in 2022 provided by CEB

The financing provided by CEB covered export credit financing, export production (pre-export) financing, purchase of receivables and guarantees issued by CEB. CEB overall results include also transactions realised through the syndication products with CEB's participation in cooperation with the commercial banking sector. The table below sets out the volume of new commitments signed in 2022:

	CZK million	Share (per cent.)
<b>Total export financing</b>		
<b>Total volume of new commitments</b>	5,000	100
of which:		
Loan for outbound investments	3,184	63.68
Non-payment guarantee	879	17.58
Purchases of receivables	558	11.16
Loan to finance export manufacturing	235	4.71
Direct export customer loan	115	2.23
Direct export supplier loan	25	0.51
Confirmation of a letter of credit	3	0.06

## Export Guarantee and Insurance Corporation (EGAP)

EGAP was incorporated on 1 June 1992 as a joint-stock company. It is 100 per cent. State-owned and is controlled by the Ministry of Finance. EGAP's activities are governed by Act No. 277/2009 Coll., on the Insurance Industry, as amended, and the insurance of export credits against political and commercial risks related to exports of goods and services from the Czech Republic is exercised on the basis of the Act. EGAP's policies and procedures are in full compliance with the OECD Consensus and Berne Union rules.

EGAP provides political and commercial credit risk insurance with official support. Its activities are defined by the Act. EGAP is a member of the Berne Union. The export credit insurance provided by EGAP is in compliance with the OECD Consensus and the rules applied by the Berne Union members. CEB and EGAP co-operate closely in export promotion as credits provided by CEB account for 26 per cent. of EGAP's portfolio. EGAP requires that the insured bank participates in the underlying risk up to a certain percentage, and allows the insured bank to transfer up to half of such participation to the exporter. The exporter can cover such participation in the form of, for example, promissory notes, collateral accounts or third-party guarantees.

In 2022, the CEB's transactions comprising insurance from EGAP represented approximately 1.5 per cent. of the volume of CEB's new products and 1.6 per cent. of the number of newly concluded contracts.

## Credit Approval Process

CEB follows a well-established credit approval process. At the early stage of each export finance transaction, CEB conducts an initial due diligence process, which focuses on the exporter and requires the exporter to submit certain basic information, including information on its legal name, registered office, legal status and complete ownership structure (including the ultimate/beneficial owner) and financial reports for the past two years. In assessing transactions, CEB reviews the liquidity, leverage, profitability and other pertinent ratios of the exporter. Additionally, to enable an assessment of feasibility and eligibility of the export transaction, CEB requires detailed information on:

- (a) the importer, including information on its legal name, registered office, legal status and complete ownership structure (including the ultimate/beneficial owner) and financial reports for the past three years; and

- (b) the export transaction in question, including a description of the destination country, a description of the project, importer's business plan for the period corresponding to the lifetime of the required financing, a draft of the supply contracts, details of the type of products sold, terms of delivery and payment terms, information on the availability of EGAP insurance, the availability of security, and details of other parties and/or other banks involved in the transaction. CEB's evaluation of the banks involved in the transaction includes also a review of their capital adequacy and assets composition. After potential transactions have been reviewed, analysed and structured by CEB's export finance department and credit risk management department, transactions which are deemed to be acceptable are presented to the respective approving body, i.e. two directors for transactions up to CZK 50 million (approving level I) or the Credit Committee for transactions over CZK 50 million (approving level II). CEB's Credit Committee is composed of three members of the Board of Directors and Senior Managers from each of CEB's main business and risk management sections. Transactions, in which the amount of the loan principal or the value of the guarantee to be provided exceeds the limit of CZK 500 million or transactions by which CEB's total exposure to a debtor, exporter, investor or economically connected group would exceed the limit of CZK 750 million require a notification of the transaction to the Supervisory Board and subsequently (after 10 days waiting period), if there are no objections from the Supervisory Board, it can be approved by the Credit Committee.

CEB undertakes a similar process when evaluating bank counterparties. In addition, CEB's analysts prepare an internal rating of each bank involved in the transaction using, among other things, research materials from rating agencies, where available. Additionally, CEB conducts an independent due diligence to form its view on the creditworthiness of the involved banking counterparties.

In the credit approval process, the Credit Committee makes final decisions based on the report of analysts and due diligence.

### **Provisioning Policy**

On a quarterly basis, CEB assesses whether there is objective evidence that a financial asset or a group of financial assets have been impaired. A financial asset or a group of financial assets is considered impaired and impairment losses are incurred if there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (a **Loss Event**) and that Loss Event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. As of 31 December 2022 and 31 December 2021, CEB recorded total provisions and allowances for loans and receivables at amortised cost of CZK 227 million and CZK 787 million, respectively.

In 2022, receivables from Russian and Ukrainian borrowers in the amount of CZK 1,353 million were reclassified from Stage 1 to Stage 2 due to the military conflict in Ukraine. Subsequently, receivables in the amount of CZK 3,147 million were reclassified to Stage 3 following the announcement of sanctions. Thus, all receivables from Russian borrowers that had previously been in Stage 2 were reclassified to Stage 3. With respect to the successful recovery of outstanding payments, receivables from Russian entities in the amount of CZK 2,253 million were transferred back to Stage 2 after the expiry of the minimum verification period. An increased risk due to these events was identified mainly in Stage 2.

### **Controls and Management Information**

Control reports are produced by CEB's analysts on a daily basis and reviewed by the management of CEB. The daily reports analyse loan exposure, projected cash flow for the next year, foreign exchange exposure and interest rate exposure.



Monthly financial performance reports are produced for the Senior Management's review. An asset and liability management report is produced on a monthly basis and reviewed by the assets and liabilities committee, which consists of members of the Board of Directors and the Senior Management and meets monthly. This report analyses interest rate risk, foreign exchange risk and liquidity risk.

Monthly reports including financial results and fulfilment of key performance indicators, details of outstanding loans and an analysis of potential new transactions are submitted to the Board of Directors.

Annual information on officially supported financing is required to be submitted for review by the Chamber of Deputies under the terms of the Act. This annual information report includes the financial results of CEB and a general description of transactions, so that the Parliament can verify that CEB's primary purpose of supporting Czech exporters is being fulfilled.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and are duly audited. They are approved by the General Meeting following a review by the Supervisory Board.

Implementation of internal audit recommendations is duly monitored by the internal audit department and the status of their fulfilling is bi-annually reported to the Board of Directors, to the Supervisory Board and as well to the Audit Committee. For highly specialized internal audit missions (e.g. IT audits), CEB uses an external qualified auditing company. The activity of the internal audit department is in detail followed by the Audit Committee.

## **Funding**

CEB raises its funds primarily by utilising the international and domestic money and capital markets, mainly using the Programme and interbank loans. For short-term funding, CEB uses its Euro Commercial Paper Programme established in 2011. All options are combined in order to always provide CEB with sufficient funds in a convenient structure to enable it to provide financing to Czech exporters and to settle its liabilities on a continuous basis.

The Programme, the limit of which was decreased to EUR 1.5 billion in 2022, is used to refinance previously obtained funding and to cover new loans denominated in EUR, USD and CZK. In total, CZK 15.5 billion (EUR 0.64 billion) was drawn under the Programme as at 31 December 2022. The notes issued under the Programme are listed on Luxembourg Stock Exchange. In order to optimise liquidity management, in 2011, CEB established the Euro Commercial Paper Programme (the **ECP Programme**) for the issuance of short-term securities which was updated in 2016. The ECP Programme allows for flexible coverage of CEB's short-term liquidity needs and allows CEB to benefit from favourable price conditions on the market.

## **Impact of Covid-19 and the Russian invasion of Ukraine**

In 2021 (similarly to 2020), the effects of the Covid-19 pandemic were visible mainly in the slower responsiveness of CEB's counterparties and CEB's foreign customers often postponed or even cancelled their investment decisions. The lower volumes of new transactions in 2020 and 2021 and a delayed development (drawing of loans) for some transactions as a result of the Covid-19 pandemic were also among the factors that affected the total principal amount of provided loans and purchased receivables, which decreased by CZK 7,680 million from CZK 30,644 million as of 31 December 2020 to CZK 22,964 million as of 31 December 2021 (a decrease of 25.1 per cent. year-on-year).

CEB did not participate in any Covid-19 state aid programmes for the business community and closely monitored the situation, especially in relation to the elimination of operational risks, and adopted several preventative operational measures to ensure business continuity. Therefore, the Covid-19 pandemic did

not have any negative impact on CEB's operations, despite the increased volume of work from home by CEB's employees.

After two years marked by the Covid-19 pandemic, CEB has resumed its business activities in 2022. The volume of newly concluded loan agreements and guarantee contracts amounted to CZK 5 billion in 2022, which is more than compared to CZK 2.12 billion concluded in 2021.

The Russian invasion of Ukraine on 24 February 2022 has brought further security and economic risks and challenges. Due to the identified risks resulting from this military conflict, CEB immediately ceased providing any new funding relating to Ukraine, Russia and Belarus until further notice and no instruments, such as indicative bids or letters of support, have been issued for business operations in these countries since then. CEB has been cautiously monitoring the situation in this region and regularly carrying out various stress tests of the existing products with a nexus to Russia and Ukraine, including the evaluation of the sanctions imposed on Russia and the related risks, concerning mainly the depreciation of RUB and UAH and restrictions on payments from/to Russia and other restrictions resulting from the administrative measures adopted by Russia towards foreign creditors.

In 2022, CEB managed to solve individual business cases provided in the past so that no Russian debtors are in default with repaying their loans. At the end of 2022, the principal amount of the credit exposures in Russia was CZK 2,490 million (EUR 105 million) and the principal amount of the credit exposures in Ukraine was CZK 88 million (EUR 3.7 million). At the end of 2022, CEB had no credit exposures in Belarus. Following their sudden termination in February 2022 due to the imposed sanctions, CEB renewed its payments in RUB in July 2022.

## **Management**

### *Summary*

CEB's executive and supervisory bodies consist of:

- (i) the Board of Directors;
- (ii) the Supervisory Board; and
- (iii) the Senior Management.

As far as the Issuer is aware there are no potential conflicts of interest between any duties of any of the members of CEB's executive and supervisory bodies to CEB and their private interests or other duties.

### **Board of Directors**

The Board of Directors is CEB's governing body, managing CEB's operations, deciding on all matters except those reserved to CEB's General Meeting and providing ongoing directives to CEB's Senior Management. According to CEB's Articles of Association, the Board of Directors consists of three individuals who are elected by the General Meeting for a term of five years, whereas as of the date of this Alleviated Base Prospectus, the Board of Directors only consists of two members and one position is vacant. Meetings are held as necessary, however at least once every month.

The Board of Directors elects the Chairman and Vice-Chairman of the Board from among its members. The Board of Directors concurrently appoints the General Director of CEB, who manages CEB within the scope authorised by the Board of Directors.

Members of the Board of Directors hold the positions of the CEO and Deputy CEOs for the respective areas of CEB's activities they are entrusted with.

The Board of Directors consists of the following members:

***Daniel Krumpolc, Chairman, Chief Executive Officer***

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Date of appointment: 1 March 2022

Activities outside of CEB: Mr. Krumpolc graduated from the University of Economics in Prague. From 2000 to 2008, he served in various positions at Citigroup - Citibank Europe, including Senior Relationship Manager (2000-2008), Head of the Middle Market Department (2008-2011) and Head of SME Sales (2011-2012). Since 2012, he had been Citibank's commercial banking director for the Czech Republic and Slovakia. In 2018, Mr. Krumpolc became a member of the Board of Directors of Sberbank CZ, responsible for corporate banking. At the end of February 2022, he was appointed a member of the Board of Directors of CEB, which elected him as its Chairman and CEO on 1 March 2022.

***Emil Holan, Vice-Chairman, Deputy Chief Executive Officer and Chief Risk Officer***

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Date of appointment: 2 July 2020 (current term ends on 1 August 2023)

Activities outside of CEB: Mr. Holan graduated from Czech Technical University in Prague, Faculty of Electrical Engineering. In 2002, Mr. Holan started his career in Citibank ČR, where he participated in many interesting projects and worked at different risk management positions within the Corporate Banking Division. He worked for Deloitte ČR from 2007 until 2008 and then joined Commerzbank in January 2009, where he worked in the field of risk management with the main focus on restructuring and workout. In CEB, a.s. he has been Head of the Credit Risk Department since July 2015. Since August 2018, Mr. Holan has been Deputy Chief Executive Officer responsible for credit risk management and a member of the Board of Directors of CEB. In July 2020, he became its Vice-Chairman.

## **Supervisory Board**

The Supervisory Board, which is CEB's supervisory body, oversees the way the Board of Directors' authority is exercised and the manner in which CEB's business is pursued. The Supervisory Board evaluates and monitors on an on-going basis the implementation of the business strategy and banking policies. Members of the Supervisory Board are elected for a term of five years by the General Meeting and include persons proposed by shareholders.

The Supervisory Board consists of the following members:

***Petr Knapp, Chairman***

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Date of appointment: 21 December 2021

Activities outside of CEB: Mr. Knapp is a graduate of University of Economics in Prague, majoring in finance and credit. He connected the decisive part of his professional life with banking and specifically Československá obchodní banka, a. s. In the years 1984-1991 he worked at VHJ Teplotechna, in the foreign trade department. At Československá obchodní banka, a. s., he gradually managed credit risk and then a number of business departments, including corporate banking, private banking and financial markets. He also managed subsidiaries of Československá obchodní banka, a. s., Leasing, Factoring, Advisory and Patria. In the years 1996-2021, he was a member of the board of directors of Československá obchodní banka, a. s.

Currently, Mr. Knapp is, among other things, the vice-chairman of the board of trustees of UCT Prague.

***Petr Teplý, Vice-Chairman, Ministry of Finance***

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Date of appointment: 24 August 2021  
Activities outside of CEB: Mr. Teplý is a Professor of Finance at the Faculty of Finance and Accounting at University of Economics in Prague. He obtained his PhD degree at the Institute of Economic Studies of the Faculty of Social Sciences, Charles University in 2009. He also studied in Austria, the United States of America and New Zealand. He worked for five years in Československá obchodní banka, a. s. at various positions at the Department of Planning and Controlling, Restructuring and Legal and Forensic Projects. He also participated in internship in the investment bank Spencer Clarke in New York. For the next six years, Mr. Teplý held the position of Project Manager in company EEIP, a.s. for the field of Corporate Finance, Energy, EU Funding and Regulatory Impact Analysis (RIA). Mr. Teplý regularly lectures at conferences at universities around the world. He has written or co-authored over 150 research papers and 10 books. He has been awarded many times for his significant academic activities. Mr. Teplý is actively employed at Charles University and University of Economics, where he lectures banking, finance and risk management.

***Miroslav Zámečník, Member, Ministry of Industry and Trade***

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Date of appointment: Re-appointed on December 2022  
Activities outside of CEB: Between 1991 and 1993, Mr. Zámečník worked as Head of Centre of Economic Analysis in the Office of the President of the Czech Republic. Between 1994 and 1998, he worked in the Head Office of the World Bank in Washington D.C. Thereafter, he held the position of Deputy Director of the Revitalization Agency, where he was responsible especially for judicial settlement and restructuring of the companies of Zetor and Vítkovice. From 2009, Mr. Zámečník was a member of the National Economic Council of the Government of the Czech Republic (NERV). Since 2015, he is an external advisor to the Minister of Industry and Trade.

***Ivan Duda***

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Date of appointment: 24 August 2021  
Activities outside of CEB: In 1989, Mr. Duda graduated from The Czech Technical University (Technical Cybernetics). Since 1993 he has been active in the banking industry, initially within Komerční banka Group (Société Generale Group) and subsequently Slovak VUB Bank (IntesaSanPaolo Group). Within his professional career, he has been focused on financial management, risk management and corporate banking, acting in various expert and managerial roles (CEO, CFO and CRO), including Board of Directors membership and chairmanship. Within 2013-2014 he was, for a limited time, engaged with CEB in a position of member of the Board of Directors and CRO and between 2016 and 2020 in the Czech Guarantee and Development Bank (ČMZRB) as a member of the Board of Directors and CRO/CFO. Out of the banking sector, Mr. Duda has also acted in a private equity area and as an independent advisor. Since 2011 he owns boutique advisory company, focused on process optimising and financial management and risk management. Since 2015 Mr.

Duda has been externally lecturing risk management on The University of Economics in Prague.

### ***Dušan Hradil***

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Date of appointment:	1 August 2021
Activities outside of CEB:	Mr. Hradil graduated from the Faculty of Finance and Accounting of the University of Economics in Prague and also completed a year of study in Germany at the Friedrich Alexander Universität Erlangen-Nürnberg and professional training courses of the International Monetary Fund in the field of financial markets. After his studies, he briefly worked at Komerční banka. In 2005, Mr. Hradil joined the Ministry of Finance of the Czech Republic, where he still works today as the director of the Financial Markets department, responsible for financial market analysis and legislation in the field of banking and financial stability of credit institutions. Since 2011, he has been a member of the board of trustees of the Investor Compensation Fund of Czech Republic, and since the establishment of the Financial Market Guarantee System in 2016, he has also been the chairman of its Board of Directors. His tenure in the Financial Market Guarantee System ended due to his election as a member of the Supervisory Board of CEB, a position incompatible with membership in the Board of Directors of the Financial Market Guarantee System.

## **Financial Results in 2022**

The financial data presented below has been extracted without any material adjustments from the audited financial statements of the Issuer for the year ended 31 December 2022.

### *Balance of assets and liabilities*

At the end of 2022, total assets of CEB amounted to CZK 32,473 million, which represented a year-on-year decrease of 9.7 per cent. The balance sheet structure has been stable in the long term, whereas the balance sheet items are derived from the planned estimate of the development in asset transactions to which liabilities are adjusted.

CEB finances its business activities mainly through liabilities in the form of issued notes, payables to credit institutions and to entities other than credit institutions, which represented over 72.0 per cent. of the total volume of its liabilities and equity at the end of 2022. The key source of funding comprised the issuance of notes denominated in foreign currencies (mainly in EUR). As of 31 December 2022, they amounted to CZK 15,516 million. The volume of issues decreased by 16.9 per cent. year-on-year. CEB repaid issued notes amounting to EUR 95 million in October and November 2022. Liabilities to credit institutions in the form of loans received from banks amounted to CZK 5,435 million at the end of 2022, which is a year-on-year decrease of 1.2 per cent. The volume of deposits received from entities other than credit institutions was CZK 2,442 million, which is a year-on-year decrease of 23.6 per cent. Other liabilities of CZK 601 million mainly included financial collaterals accepted as a security (CZK 454 million) and liabilities from leases of office premises (CZK 21 million). Provisions of CZK 191 million at the end of 2022 mainly included provisions for loan commitments, guarantees and litigation provisions. CEB reported equity in the total volume of CZK 8,285 million. Reserve funds of CZK 2,663 million and retained earnings of CZK 640 million were recognised in equity.

Assets predominantly included loans and receivables at amortised cost which amounted to CZK 25,575 million at the end of 2022 and accounted for 78.8 per cent. of total assets. Of this amount, CZK 15,802 million were receivables from entities other than credit institutions. These receivables decreased by

28.7 per cent. year-on-year, mainly due to proper and early repayment of some loans and sale of a loan receivable. Amounts due from credit institution, which also include cash deposited on fixed-term accounts with the CNB under state treasury and reverse repurchase agreements with the CNB, increased to CZK 9,773 million in 2022, i.e. by 66.3 per cent. compared to 2021. CEB's asset quality improved in 2022. The loans classified in Stage 3 under IFRS 9 (non-performing) decreased from CZK 4,822 million to CZK 340 million. Stage 3 loans compared to loans and receivables at amortised cost excluding central banks receivables decreased from 20.1 per cent. as of 31 December 2021 to 2.0 per cent. as of 31 December 2022 as is shown in the table below:

	As of 31 December 2022	As of 31 December 2021
<i>(in CZK millions, unless indicated otherwise)</i>		
Loans and receivables at amortised cost - gross	25,802	28,812
Loans and receivables at amortised cost - central banks – gross	8,762	4,765
<b>Loans and receivables at amortised cost excluding central banks – gross</b>	<b>17,040</b>	<b>24,047</b>
<b>Loans and receivables at amortised cost excluding central banks - Stage 3 – gross</b>	<b>340</b>	<b>4,822</b>
<b>Share (per cent.)</b>	<b>2.0</b>	<b>20.1</b>

As a special vehicle for the export finance support, CEB has no relevant comparison within the market, where export finance creates part of the corporate banking portfolio.

#### *Revenues, expenses and profit generation*

In 2022, CEB generated profit before tax of CZK 530 million. After off-setting the preliminary calculated current income tax and releasing the provision for a potential additionally assessed corporate income tax for 2014, CEB generated profit after tax of CZK 640 million, which is a year-on-year increase of 78.8 per cent. As part of its business activities, CEB reported interest income totalling CZK 902 million in 2022; in a year-on-year comparison, it decreased by 2.0 per cent., which correlates with the decreasing volume of interest bearing assets, in particular loans (at the end of 2022, the loan principal amount was CZK 16,004 million). The decrease was caused by lower volumes of newly concluded loan agreements in 2020 and 2021, the influence of which outweighed the increase in the market interest rates.

CEB raises the funds necessary for its business activities on capital markets. In 2022, interest expenses associated with such funds amounted to CZK 252 million, which is a year-on-year increase of 5.4 per cent., mainly resulting from higher market interest rates. Net interest income amounted to CZK 650 million, which is a year-on-year decrease of 4.6 per cent.

Net fee and commission income amounted to CZK 37 million, which is a year-on-year increase of 48.0 per cent. The increase resulted from higher fee and commission income from loan agreements.

Other components of the profit/loss included losses from financial transactions of CZK 5 million and other operating income of CZK 1 million. CEB's interest income and income from fees and commissions as per geographic segment is set out in the table below.

	2022			2021		
	Interest income	Fee and commissions income	Total	Interest income	Fee and commissions income	Total
Czech Republic	301	25	<b>326</b>	156	25	<b>181</b>
Slovak Republic	243	15	<b>258</b>	260	6	<b>266</b>
Russia	145	0	<b>145</b>	241	1	<b>242</b>
Indonesia	104	1	<b>105</b>	63	0	<b>63</b>

Turkey	50	0	<b>50</b>	131	0	<b>131</b>
Azerbaijan	16	0	<b>16</b>	44	0	<b>44</b>
Others	43	4	<b>47</b>	25	3	<b>28</b>
<b>Total interest income and fees</b>	<b>902</b>	<b>45</b>	<b>947</b>	<b>920</b>	<b>35</b>	<b>955</b>

CEB incurred expenses for its operation in the total volume of CZK 303 million, which is 3.5 per cent. less than in 2021. In addition to administrative expenses of CZK 245 million, operating expenses included depreciation/amortisation of tangible and intangible assets of CZK 45 million and other operating expenses of CZK 13 million. Other operating expenses mainly included expenses incurred in recovery of non-performing receivables of CZK 4 million in 2022, and an unrecoverable portion of VAT.

The net balance of income from and expenses on loss allowances and provisions relating to credit and guarantee financial instruments including income from and expenses on written-off receivables was positive and amounted to CZK 27 million. This is connected among others with the gradual resolution of the portfolio of non-performing receivables, the principal amount of which dropped to CZK 340 million at the end of 2022.

In 2022, the provision for penalties and default interest of CZK 118 million was released, relating to the provision for a potential additionally assessed corporate income tax of CZK 190 million, which was created in 2020. For this reason, the profit after tax for the reporting period was higher than the profit before tax.

The loss arising from the operation of long-term supported export financing in line with the Act is covered by subsidies from the state budget. In 2022, CEB did not assert its claim to the subsidy; instead, it generated a profit from this activity of CZK 246 million, which formed part of CEB's total profit for 2022 before tax.

### **Trend Information**

CEB is an asset driven bank and its performance reflects the demand of Czech exporters, producers for export and investors and it correlates with their changing needs. In 2022, international trade trends were adversely affected by increases in interest rates, the termination of economic stimuli packages, commodity prices volatility, and geopolitical factors. Overall, in 2022, the development of global trade was influenced by slower than expected economic growth, inflation pressures in several economies, and by the adverse global economic impact of the military conflict in Ukraine, which created further inflationary pressure, leading to increases in prices of energy and commodities. Inter-regional trade continued to be adversely affected by growing transportation costs, disrupted logistics, and geopolitical tensions in various parts of the world. Persisting administrative measures aimed to reduce the spread of the Covid-19 pandemic continued to contribute to disturbance of supplies, and the global economic uncertainty in 2022 increased the level of risks to which investments were exposed. In 2022, international trade was further affected by the shortening of supplier chains and the diversification of suppliers, which may become a long-term trend in the global economy.

Among other factors, geopolitical tensions, high energy prices, growing interest rates, and persisting high inflation are expected to further restrict global trade flows in 2023. The economic growth forecasts for 2023 have been revised downward due to high energy prices, growing interest rates in many economies, and negative global spill-over effects of the war in Ukraine. The continued tightening of financial conditions is expected to further increase the pressure on highly indebted governments and their vulnerability and adversely influence investments and international trade flows.

Further factors which may affect Czech export-oriented companies in 2023 are the development of global supplier chains and the transition to a greener global economy. One of the expected effects of the global business models adopted to mitigate the impact of these factors may be the diversification

and shortening of distances between suppliers and customers, including the building of new manufacturing facilities in target countries, including the Czech Republic. The efforts for establishing a greener and more sustainable global economy can be expected to initiate demand for sustainable products and at the same time to reduce the demand for goods with a high carbon footprint and fossil fuels. In this context, the new export strategy of the Czech Republic to be presented by the Czech government in cooperation with its social partners in 2023 will be of key importance for CEB. This new strategy will reflect the current situation of an open and export-oriented Czech economy.

The Czech Republic is affected by global trends combined with domestic inflationary pressures, the appreciation of the CZK, a rise in the CZK interest rate, as well as a sharp increase in energy prices and an unprecedented increase in the prices of other inputs. As with other segments of the Czech economy, Czech export-oriented companies are adversely influenced by the combination of these factors.

## **Disputes**

In 2022, CEB was notified of a lawsuit being filed against it by a former member of one of CEB's bodies under Section 9 (2) (f) of the Act No. 99/1963 Coll., the Civil Procedure Rules, as amended, in which the plaintiff requires CEB to pay an amount of less than CZK 1.5 million (EUR 63,000 equivalent). As of the date of this Alleviated Base Prospectus, the proceedings are still on-going with a hearing scheduled to take place at the end of May 2023. Other than that, CEB is involved only in disputes related to the collection of receivables, especially legal disputes as part of individual insolvency proceedings with CEB's debtors. The financial impacts of the outcomes of these proceedings represent only potential income for CEB (not an expense), but given their size, their effect on CEB's operating profit or financial situation is insignificant. Most of the disputes that CEB is involved in are proceedings held on behalf of CEB but on the account of EGAP due to the relations between CEB and EGAP arising from insurance agreements.



## THE CZECH REPUBLIC

### Geography and Population

The Czech Republic is a landlocked country situated in the heart of Europe, bordering Germany to the west, Poland to the north, Slovakia to the east and Austria to the south. Its borders are mostly formed by forested mountain ranges and hills, except in the south-east where it shares lowlands with Austria and Slovakia.

The Czech Republic covers an area of approximately 78,870 square kilometres and its population is estimated to be approximately 10.5 million.

### EU Membership

The Czech Republic joined the EU on 1 May 2004.

The Czech Republic has, as of the date of this Alleviated Base Prospectus, 21 seats in the European Parliament following the elections held in May 2019. The number of seats has not been modified following UK's exit from the EU (**Brexit**).

In second half of 2022, the Czech Republic held its second presidency of the Council of the EU (the first one being in the first half of 2009) (the **Czech Presidency 2022**). The Czech Presidency 2022 was significantly influenced by the current geopolitical situation, in particular the Russian invasion of Ukraine and the urgent need to address the challenges that arose in its aftermath. Under the leadership of Czech ministers and diplomats, the negotiations led to a number of major legislative and non-legislative measures being adopted.

Energy and other issues related to the Russian invasion of Ukraine fundamentally determined the agenda and priorities of the Czech Presidency 2022. Despite the difficult situation the EU has had to face, the Czech Republic managed to maintain unity among EU Member States even on the most complex issues.

The Czech Presidency 2022 has achieved a number of significant successes. Among the most significant of these are the approval of the seventh, eighth and ninth packages of sanctions against Russia, the suspension of the visa facilitation agreement with Russia, the approval of financial support for Ukraine, the approval of all the climate sections of the Fit for 55 package, and, in particular, the achievement of a broad consensus among EU Member States on the capping of gas prices.

Since its accession to the EU in 2004, the Czech Republic has been obliged to make annual payments to the EU budget on a basis comparable to that of other EU Member States. The Czech Republic also receives significant funds from the EU budget. According to the Ministry of Finance, the total inflow of EU funds to the Czech Republic during 2022 amounted to CZK 117.4 billion, and the total contributions by the Czech Republic to the EU budget for the same period amounted to CZK 66.5 billion.

### The Czech Economy

#### *Recent Trends in the Economy*

The pandemic-weakened world economy was hit by several shocks in 2022. The war in Ukraine has reduced global economic growth and intensified inflationary pressures, especially in the case of food and energy prices. In a number of countries, inflation rates in the second half of 2022 were the highest since the 1980s. According to the Ministry of Finance, the economic output of the Czech economy in 2022 grew by 2.5 per cent., driven by fixed capital investment and increased inventory accumulation.

Despite a number of fiscal stimulus measures, household final consumption expenditure declined due to a sharp increase in the cost of living, especially energy and food prices, and tighter monetary policy. According to the latest official estimates of the Ministry of Finance, annual nominal GDP (nominal growth) of the Czech Republic is projected to grow by 10.0 per cent. in 2023 compared to 2022.

## ***GDP***

The following table sets out the nominal GDP of the Czech Republic in current prices for the years ended 31 December 2018 to 2022:

	Year ended 31 December				
	2018	2019	2020	2021	2022
Nominal GDP (CZK billion)	5,411	5,791	5,709	6,109	6,795

Source: Czech Statistical Office, Ministry of Finance.

According to the latest official estimates of the Ministry of Finance, GDP (real growth) is estimated to increase by 0.1 per cent. (0.3 per cent. after adjusting for calendar effects) in 2023. Households are expected to continue to face the impact of high inflation throughout 2023, and their real consumption should fall further. While government consumption and gross fixed capital formation are expected to promote growth, weaker year-on-year inventory accumulation is likely to slow the economy. The impact of generally weak domestic demand is expected to be offset by the external trade balance. Economic growth could accelerate to 3.0 per cent. in 2024, mainly driven by renewed growth in household consumption.

## ***Inflation***

High inflation slows down economic growth and lowers living standards. Not only food, electricity, natural gas and imputed rents, but also other categories of goods and services are contributing significantly to the exceptionally strong rise in consumer prices. Domestic demand pressures are also boosting inflation, but these should be dampened by higher monetary policy rates. The appreciation of the CZK is also anti-inflationary. According to the latest official estimates of the Ministry of Finance, annual inflation should decline at a fast pace in the first half of 2023 and reach high single-digit levels in the second half of the year. At the end of the year, the energy tariff will have a year-on-year base effect. According to the Czech Statistical Office, the average inflation rate in 2022 was 15.1 per cent., which was the second highest value since the establishment of the independent Czech Republic in 1993 when it reached 20.8 per cent. The average inflation rate could thus reach 10.9 per cent. in 2023 and fall to 2.4 per cent. in 2024.

Based on the forecast of the CNB announced on 3 May 2023, the level of headline year-on-year inflation in the first quarter of 2024 is expected at 2.1 per cent., whereas it is expected to decrease to 2.0 per cent. in the second quarter of 2024. According to the latest official estimates of the Ministry of Finance, annual consumer price inflation (CPI) could already remain within the upper half of the tolerance band of the CNB's inflation target.

## **Balance of Trade and Focus of Trade**

### ***Balance of Trade***

In addition to its EU membership, the Czech Republic is also a member of the WTO and a party to a number of bilateral international treaties concerning foreign trade and economic cooperation.

According to the Ministry of Industry and Trade and the Czech Statistical Office, the year-on-year foreign trade balance of goods in 2022 ended in a deficit of CZK 200.1 billion, which was a year-on-

year decrease by CZK 191.8 billion. In 2022, the year-on-year exports and imports grew by 13.9 per cent. and 18.7 per cent., respectively.

According to the Czech Statistical Office, the cross-border balance of movement of goods reached a CZK 130.9 billion surplus in 2022, a decrease of CZK 185.3 billion compared to 2021, with the main contributor being machinery and transport equipment, recording a surplus of CZK 646.7 billion in 2022. Cross-border movement of mineral fuels, lubricants and related materials recorded a deficit of CZK 317.9 billion in 2022.

### ***Focus of Trade***

According to the Czech Statistical Office, in 2022, 32.8 per cent. of the total exports were to Germany, 8.4 per cent. to Slovakia, 7.1 per cent. to Poland, 4.6 per cent. to France, 4.5 per cent. to Austria and 4.1 per cent. to Italy. Exports to the United States represented 2.5 per cent. of the total exports and exports to Russia represented 0.6 per cent. of the total exports in 2022, according to the Czech Statistical Office.

According to the Czech Statistical Office, in 2022, 19.8 per cent. of the total imports were from Germany, 8.0 per cent. from Poland, 4.2 per cent. from Slovakia, 3.8 per cent. from the Italy, 2.8 per cent. from Netherlands and 2.7 per cent. from the France and Austria. Other major import countries outside of the EU include China, the United States, South Korea and Russia. According to the Czech Statistical Office, in 2022, imports from China represented 18.9 per cent. of the total imports, imports from Russia represented 4.8 per cent. of the total imports, imports from the United States represented 2.6 per cent. of the total imports, imports from South Korea represented 1.9 per cent. of the total imports.

## **Monetary and Financial System**

### ***Structure and Development of the Czech Banking System***

As of 31 December 2022, there were 44 banks and foreign bank branches operating on the Czech market, of which 16 were banks, five building societies and 23 foreign bank branches. As of such date, large banks, defined by CNB as banks with assets exceeding 10 per cent. of the total banking sector assets, collectively accounted for approximately 58.7 per cent. of total banking sector assets. Foreign investors have a dominant role in the capital of the banking sector, with Austrian Erste Bank, Belgian KBC Bank, French Société Générale and Italian UniCredit, each owning one of the four major banks on the Czech market.

The Czech banking sector is relatively well capitalised. According to the data published by the CNB, the capital adequacy ratio of the banking sector as a whole remained relatively stable in 2022, reaching 23.5 per cent. as of 31 December 2021 and as of 31 December 2022 decreased by 1.2 per cent. reaching 22.3 per cent. Tier 1 capital to risk-weighted assets amounted to 22.8 per cent. as of 31 December of 2021 and 21.6 per cent. as of 31 December 2022.

As of 31 December 2022, the ratio of non-performing loans to total loans was almost 2.0 per cent., as compared to 2.4 per cent. at the end of 2021.

### ***Monetary Policy***

As set forth in the Czech Constitution and the Act No. 6/1993 Coll., on the Czech National Bank, as amended, the CNB's primary monetary policy objective is to maintain price stability. Without prejudice to this primary objective, the CNB aims to support the general economic policies of the Government leading to sustainable economic growth.

The current monetary policy regime of the CNB has been based on direct inflation targeting since 1998. In March 2007, the CNB set a 2 per cent. inflation target with a tolerance band of one percentage point

in either direction, with effect from January 2010. However, the average inflation rate for 2022 was 15.1 per cent. It was the second highest value since the establishment of the independent Czech Republic in 1993.

The following table sets forth the principal annual interest rates in the Czech Republic as of the dates indicated:

	As of 31 December				
	2018	2019	2020 (per cent.)	2021	2022
Discount rate .....	0.75	1.00	0.05	2.75	6.00
Lombard rate .....	2.75	3.00	1.00	4.75	8.00
Repo rate (two weeks) .....	1.75	2.00	0.25	3.75	7.00

Source: CNB.

### ***Exchange Rate Policy***

Until April 2017, the CNB used an exchange rate commitment to intervene on the foreign exchange market if necessary to weaken the CZK so as to maintain the exchange rate close to CZK 27 to EUR 1.

The following table sets forth the exchange rate of the Czech koruna against the Euro and the US dollar, for the period end of each of the years indicated:

	2018	2019	2020	2021	2022
<b>CZK/EUR</b>					
Period end .....	25.83	25.50	26.31	25.26	24.27
<b>CZK/USD</b>					
Period end .....	22.70	22.94	21.63	22.35	22.92

Source: CNB.

### ***Banking Supervision***

The CNB is responsible for the general supervision of the Czech banking system and, as part of its responsibilities, carries out inspections to establish whether banks operating in the Czech Republic are acting in compliance with the banking licences granted to them. The CNB also regulates the capital adequacy and liquidity of such banks. In addition, it supervises their credit policies and controls their dealings in the foreign exchange market. All banks in the Czech Republic are required to maintain an account with the CNB, with which required reserves are held.

The CNB is the licensing authority for all new banks as well as for any foreign banks wishing to establish operations in the Czech Republic. According to the single European passport rule adopted by the directive 2013/36/EU, banks with their registered seat in states belonging to the EEA may establish operations in the Czech Republic without the need to obtain a licence from the CNB. Generally, such foreign banks remain under the supervision of their domestic bank authorities.

## **Public Finance**

### ***Overview***

The public finance system in the Czech Republic, as defined under the European System of National and Regional Accounts (**ESA 2010**), comprises the central government subsector, the local government subsector and social security funds, which together comprise the “general government sector”. The rules

defining the general government sector are harmonised internationally and its composition is updated regularly. The fiscal year applicable to the general government sector is the calendar year.

In order to comply with its European Union obligations, the Czech Republic has implemented procedures that enable it to produce general government sector data based on ESA 2010 methodology. The Czech Statistical Office is responsible for compiling such data, which are reported twice per year to Eurostat in accordance with the Council Regulation No. 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, as amended, and the Statements contained in the Council minutes of 22 November 1993.

The methodology that the Ministry of Finance uses to show general government budgets financial position in budgetary documentation is the methodology of the IMF, as set forth in the Manual on Government Finance Statistics, IMF 2001 (the **GFS 2001**). The figures are also periodically reported to the IMF.

The GFS 2001 system is largely harmonised with the ESA 2010 system, and their definitions of concepts are the same; however, differences exist between the two statistical systems. Generally, ESA 2010 methodology monitors revenues and expenditures on an accrual basis, whereas GFS 2001 methodology monitors revenues and expenditure also on a cash basis. Standard GFS 2001 has been implemented and its statements have been compiled in the Czech Republic only on a cash basis so far. The most significant effects of using ESA 2010 methodology to produce the Czech Republic's general government sector data stem from (i) flows on an accrual basis (i.e. when economic value is created, transformed or extinguished, or when claims and obligations arise or are transformed or cancelled) and (ii) the extension under ESA 2010 of the definition of the general government sector.

### ***State Budget***

The state budget of the Czech Republic for 2023 anticipates revenues of CZK 1,928 billion and expenditures of CZK 2,223 billion, with deficit in the amount of CZK 295 billion. Even though in 2022, the Czech Republic posted one of the highest state budget deficits within the EU, it still remains the 7th least indebted country in the EU relative to GDP, according to the information published by the Ministry of Finance.

### ***Revenues***

The principal sources of revenue in the state budget of the Czech Republic are taxes and social contributions. Taxes include particularly VAT, corporate and personal income tax, excise taxes and property taxes. Social contributions consist of pension insurance and contributions to the state employment policy. In addition, the sources of the state budget revenues include also certain non-tax items, such as revenues from EU funds, transfers and sale or lease of state property and capital revenues.

State budget revenues for 2023 are to increase by CZK 249.7 billion compared to the 2022 state budget. The structure of state budget revenues illustrates the fact that during the years 2013 - 2023, the total revenues of the state budget have been increasing - especially tax revenues and revenues from insurance premiums for social security. The year 2020 and 2021 saw a decrease in total revenues of the state budget due to the effects of the Covid-19 pandemic on the economy. The year 2022 was already marked by an increase in total income due to, among other things, higher inflation, but also the overall growth of the economy. Tax revenues for 2023 and revenues from insurance premiums for social security are budgeted to increase by CZK 208.1 billion compared to the reality of 2022, mainly due to higher expected inflation, also due to the introduction of a ceiling on market revenues from electricity production and a tax on unexpected profits in the expected amount of CZK 100 billion. Other revenues of the state budget are expected to grow by CZK 95.5 billion year-on-year, while EU and financial mechanism revenues are expected to grow by CZK 21.7 billion year-on-year.

## *Expenditures*

Expenditures for 2023 are budgeted to decrease by CZK 169.7 billion compared to the 2022 state budget. On the expenditure side, expenditure on pensions are to increase significantly year-on-year in 2023, specifically by CZK 83.1 billion, increased by additional expenses for extraordinary valorisations. In addition, spending by the Ministry of Defence on the modernization of the army is increase by CZK 23.4 billion year-on-year to CZK 111.8 billion, which represents 1.5 per cent. of the GDP. At the same time, a law was already adopted in 2023, which stipulates that starting in 2024, the Government must spend at least 2 per cent. of GDP on defence.

## **Public Debt**

### *Overview*

For reporting purposes relating to external and internal debt, the Czech Republic classifies as public debt only debt incurred directly by the State (**state debt**), by local governments and by other entities within the general government sector. Collectively, such public debt is referred to as “**general government debt**”. The general government debt includes neither debt incurred by State-owned financial institutions or other State-owned enterprises nor debt incurred by the CNB, with the exception of the Czech-Moravian Guarantee and Development Bank, EGAP, the Deposit Insurance Fund and CEB.

### *State Debt*

The following table sets forth information on the state debt of the Czech Republic as of the dates indicated:

	As of 31 December			
	2019	2020	2021	2022
	<i>(CZK billion, except otherwise noted)</i>			
State debt	1,640.2	2,049.7	2,465.7	2,894.8
Domestic Debt	1,437.4	1,882.6	2,292.0	2,606.0
Treasury bills	4.5	25.4	33.3	0
Savings government bonds	13.0	25.6	38.9	83.4
Treasury bonds	1,419.2	1,831.6	2,219.8	2,521.3
Other sources	0.6	0	0	1.3
Foreign Debt	202.8	167.2	173.7	288.9
Foreign bonds issues	151.5	129.2	74.1	5.1
Loans from European Investment Bank	51.3	38.0	99.6	283.7
Promissory notes	0	0	0	0

Source: Ministry of Finance.

The Ministry of Finance classifies debt as internal or external according to two criteria: the place of issue and residence of the targeted investors. On the basis of the first of these criteria, all instruments issued in the domestic market regardless of the status of their holder (domestic or foreign) are classified as internal debt and on the basis of the second, all instruments, regardless of the market in which they are issued, are classified as external or internal according to the residence of the holder.

### *Debt Service*

The following table sets forth information on net expenditure on the state debt service for the periods indicated:

	Year ended 31 December			
	2019	2020	2021	2022
	<i>(CZK billion, except otherwise noted)</i>			
<b>Total interest expenditures</b>	<b>39.40</b>	<b>39.97</b>	<b>42.00</b>	<b>49.46</b>
<i>of which:</i>				
T-Bills and other money market operations	-3.40	-0.77	-2.34	-18.45
Received/provided loans and payment accounts	-0.35	-0.21	0.00	-0.66
Savings government bonds	0.17	0.33	0.92	4.22
T-Bonds issued on the domestic market	35.72	33.73	39.33	60.14
T-Bonds issued on the foreign market	6.44	6.39	4.41	3.11
Credits and loans received from international institutions	0.83	0.49	-0.31	1.10
<b>Fees</b>	<b>0.15</b>	<b>0.17</b>	<b>0.23</b>	<b>0.25</b>
<b>Total expenditures</b>	<b>39.55</b>	<b>40.15</b>	<b>42.23</b>	<b>49.71</b>

Source: Ministry of Finance.

The following table sets forth the schedule of maturity of securities issued by the Czech Republic as of 31 March 2023 for the periods indicated:

	<b>Total nominal value</b>
	<i>(CZK millions)</i>
2023 .....	254,239.9
2024 .....	180,221.0
2025 .....	265,032.7
2026 .....	266,150.5
2027 .....	279,507.9
2028 .....	276,244.7
2029 .....	231,023.0
2030 and thereafter .....	1,057,764.2

Source: Ministry of Finance.

### ***Debt Management Strategy***

The Ministry of Finance is responsible for pursuing the state debt management policy, the main objective of which is to cover the borrowing needs and payment obligations of the State while reaching the lowest possible debt service costs in the medium-term and long-term horizon and at a reasonable risk level. The Ministry of Finance manages state debt using strategic targets and limits set forth by the Ministry of Finance on the basis of its own financial analyses of the state debt portfolio. The borrowing requirements, annual funding program and targets for the debt portfolio management of the Czech Republic for the coming year are specified in the funding and debt management strategy published by the Ministry of Finance in December of each year. In 2023, the expected amount of financing needs is CZK 649.0 billion (approx. 9.2 per cent. of GDP). The strategy published in January 2023 describes, among other things, the plan of the Ministry of Finance to issue medium-term and long-term government bonds denominated in the domestic currency, on the domestic market with a total nominal value in the range of CZK 400.0 to 500.0 billion.

### ***Credit Ratings***

For long-term liabilities in local currency, the Czech Republic is currently rated Aa3 with negative outlook from Moody's, AA with stable outlook from S&P and AA- with negative outlook from Fitch.

For long-term liabilities in foreign currency, the Czech Republic is currently rated Aa3 with negative outlook from Moody's, AA- with stable outlook from S&P and AA- with negative outlook from Fitch.

## International Investment Position and Gross External Debt

According to the CNB, in the fourth quarter of 2022, the Czech Republic's international investment position (the balance of its financial assets and liabilities in respect of non-residents) recorded an increase in deficit of CZK 7 billion to CZK 1,340.2 billion at the year-end. The deficit increased by CZK 457.2 billion in year-on-year terms and represented 18.8 per cent. of GDP at current prices. The Czech Republic's external debt amounted to CZK 4,453.6 billion (65.7 per cent. of GDP) at the end of the fourth quarter of 2022. External debt was CZK 65 billion lower than in the same period of 2021.

External assets decreased by CZK 1,347.9 billion to CZK 8,290.7 billion in the fourth quarter of 2022. The assets decreased by CZK 445.3 billion year-on-year. The external assets of the banking sector (including the CNB, excluding portfolio investment and derivatives) decreased in the fourth quarter of 2022 mainly due to a decline in loans to foreign corporations under direct investment. The external assets of other sectors accounted for 31.9 per cent. of total investment position assets. Domestic investors' holdings of foreign securities increased due to purchases of foreign shares and bonds, representing 10.8 per cent. of total investment position assets. The positive fair value of derivatives decreased by CZK 1,164.7 billion in the fourth quarter of 2022 and accounted for 11.1 per cent. of investment position assets. The external assets of the government sector were unchanged in the fourth quarter of 2022, accounting for 0.7 per cent. of total assets. Investment position external liabilities declined by CZK 1,340.8 billion in the fourth quarter of 2022, reaching CZK 9,630.8 billion at the end of the year. In year-on-year terms, the liabilities increased by CZK 11.9 billion.

The Czech Republic's external debt (the sum of its liabilities with stipulated maturity) increased by CZK 47.9 billion in the fourth quarter of 2022, totalling CZK 4,453.6 billion at the end of 2022. In year-on-year terms, the debt decreased by CZK 65 billion. As regards the time structure of the external debt, the share of liabilities with original maturities longer than one year was 40.9 per cent. of total debt liabilities. The external debt of the private sector accounted for 75.7 per cent. of the total external debt. Public sector liabilities accounted for the rest (24.3 per cent.). They comprise liabilities of the government, liabilities of private entities guaranteed by the government and liabilities of entities majority-owned by the state.

As of 31 December 2022, debt service payments of principal and interest on long-term external liabilities planned in 2023 totalled CZK 291.7 billion (of which principal amounted to CZK 259.8 billion and interest to CZK 31.9 billion).<sup>6</sup>

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<sup>6</sup> Source: Statistics on the Czech Republic's international investment position and external debt published by the CNB.



## **GUARANTEE BY THE CZECH REPUBLIC**

The payment by CEB of principal of, interest on, and all other amounts due under, the Notes is unconditionally and irrevocably guaranteed by the Czech Republic (the **Guarantor**) by statute under Section 8 of the Act (the **Guarantee**). The Guarantee and its terms, which are governed by Czech law, have been confirmed in writing by the Ministry of Finance on 8 March 2023.

Under Section 8(4) of the Act, the authorisation of the Ministry of Finance is required for funding by CEB on the capital markets. It is a condition precedent to the establishment of the Programme and the issue of the Notes thereunder that a consent and authorisation be issued by the Ministry of Finance granting consent to CEB to obtain funds from the issue of Notes, which constitutes confirmation that CEB is authorised to enter into agreements forming the basis of the issue of the Notes and the receipt of funds thereunder and confirming that the funds that will be obtained by CEB from the issue of the Notes will be used by CEB for CEB's general activities within the Act.

## ENFORCEMENT OF JUDGMENTS IN THE CZECH REPUBLIC

The Terms and Conditions of the Notes provide, *inter alia*, that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes). The Issuer has appointed the Consular Section of the Embassy of the Czech Republic at 26 Kensington Palace Gardens, London W8 4QY, as agent for the service of process in England. As the principal assets of the Issuer are located in the Czech Republic, any judgments rendered in disputes connected with the Notes will likely be enforced in this jurisdiction.

The recognition and enforcement of foreign judgments of civil courts in the Czech Republic is governed by EU law, public international treaties and domestic legislation.

In relations among EU member states, Regulation (EU) 1215/2012, which recast Regulation (EC) 44/2001 (the **Brussels I Recast**), is the governing law on the recognition and enforcement of foreign judgments in the Czech Republic. Based on this regulation, court rulings issued by any court authority in an EU member state with regard to civil and commercial matters are enforceable in the Czech Republic, subject to the rules of the Brussels I Recast and, vice versa, court rulings issued by court authorities in the Czech Republic with regard to civil and commercial matters are reciprocally enforceable in EU member states.

Following the departure of the UK from the EU, as from 1 January 2021, the Brussels I Recast no longer applies to judgments issued by the courts of England and Wales. Instead, judgments handed down by a court of England and Wales in respect to contracts with exclusive jurisdiction clauses should be recognised and enforced in the Czech Republic under the Hague Convention on Choice of Court Agreements 2005 (the **Hague Convention**), to which both the United Kingdom and the Czech Republic are parties (in the case of the Czech Republic by virtue of being a member state of the EU). However, there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under the Brussels I Recast.

According to the EC Regulation No. 593/2008 of 17 June 2008 on the law applicable to contractual obligations, parties to a contract may, subject to the terms set out therein, select the law which will govern their contractual relations in civil and commercial matters and Czech courts will give effect to such choice of law. Unless parties to the dispute agreed otherwise, or unless courts of a different member state have an exclusive jurisdiction, foreign entities are able to bring civil proceedings before Czech courts against individuals and legal entities domiciled therein. In court proceedings, Czech courts apply their respective national procedural rules and their judgments are enforceable in their respective jurisdictions, subject to certain statutory limitations on the ability of creditors to enforce judgments against certain assets.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court a translation in the Czech language (apostilled if applicable pursuant to respective international treaties) of any relevant document prepared by a sworn translator authorised by such court; and (ii) pay a court filing fee.

In the event that court judgments against the Issuer are issued by court bodies of non-EU member states, the following rules shall apply:

In cases where the Czech Republic concluded a treaty with a specific country on the recognition and enforcement of court rulings, the enforcement of court rulings issued in such country is ensured in accordance with the provisions of the applicable international treaty. If no such treaty exists, then the rulings of foreign courts shall be recognized and enforced in the Czech Republic in accordance with the Czech Private International Law Act and other relevant legislation. In the event of a foreign ruling against a Czech individual or legal entity, such a foreign ruling shall be recognized and enforced if,

among other things, actual reciprocity has been established regarding the recognition and enforcement of judgments rendered by Czech courts in the relevant country.

The Czech Ministry of Justice may, upon a request of a Czech court, provide the court with declaration that reciprocity has been established with respect to a particular foreign country. If such declaration of reciprocity has not been issued with regard to a particular country, however, this does not automatically mean that reciprocity cannot be established in a given case. In such cases, the recognition of reciprocity would be assessed as part of the proceedings by the Czech court based on the actual situation in a given country with regard to the recognition of judgments of Czech authorities.

On the other hand, even if reciprocity has been established and declared by the Ministry of Justice with respect to judgments issued by judicial bodies of a particular foreign country, such judgments may not be recognized and enforced under applicable provisions of Czech law if, for example: (i) the matter falls within the exclusive jurisdiction of the courts of the Czech Republic, or in the event that the proceedings on recognition and enforcement could not have been conducted by any authority of a foreign state, should the provisions on the jurisdiction of Czech courts be applied for considering the jurisdiction of the foreign authority (unless the party against whom the decision was issued voluntarily submitted to the authority of the foreign body); (ii) a Czech court has issued or recognized a final judgment in the same matter, or proceedings regarding the same matter are pending before a Czech court; (iii) the foreign authority deprived the party to the proceedings against whom the judgment was made of the opportunity to properly participate in the proceedings (i.e., in particular, if such party had not been duly served for the purposes of the initiation of the proceedings); or (iv) the recognition of a foreign judgment would be contrary to the public order in the Czech Republic.

The Government of the Czech Republic (or the Prime Minister of the Czech Republic, in specific cases) may, under the Constitutional Act. No. 110/1998 Coll., on Security of the Czech Republic, as amended, declare a state of emergency. In line with the Act No. 240/2000 Coll., on Crisis Management and on Amendments of Certain Acts (Crisis Act), as amended, if the state of emergency is declared, payments in foreign currency or abroad generally, interbank transfers of monies from abroad to the Czech Republic and/or sale of securities (including the Notes) abroad may be suspended for the duration of such state of emergency. The state of emergency may be declared for a maximum period of 30 days. The duration, however, may be prolonged subject to prior consent of the Chamber of Deputies of the Parliament of the Czech Republic.

## TAXATION

THE TAX LEGISLATION OF THE MEMBER STATE OF THE PROSPECTIVE PURCHASERS OF NOTES AND THE ISSUER'S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES. PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF THE CZECH REPUBLIC AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHICH THEY MAY OTHERWISE BE LIABLE FOR TAXES. THE RESPECTIVE RELEVANT TAX LEGISLATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES.

### 1. Disclosure of information in connection with payments

#### General Information

Pursuant to the Czech withholding tax rules applicable to the Eurobonds under the Czech Income Taxes Act as amended by the Act No. 609/2020 Coll. and Act No. 353/2021 Coll., unless exempt from tax or unless a Tax Treaty states otherwise, income payable by an issuer in respect of the Notes may be subject to the Withholding Tax and the Tax Security (as the case may be).

As a withholding agent, the Issuer is liable, on a strict-liability basis, for (i) a proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source at an appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest or principal in respect of the Notes as well as (ii) the granting of any relief therefrom (whether in the form of an exemption or application of a reduced rate) (a **Tax Relief**). The Issuer also bears the related burden of proof vis-à-vis the tax authorities which necessitates, before any Tax Relief can be granted, collection of certain information and documentation concerning, in particular, the identity and country of tax residence of the recipient of a payment of principal or interest in respect of the Notes (together with relevant evidence thereof) which would enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that it meets all conditions for any applicable Tax Relief to be granted (the **Beneficial Ownership Information**).

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg which are designed to facilitate collection of the Beneficial Ownership Information are available at the website of the International Capital Market Services Association at [www.icmsa.org](http://www.icmsa.org), as amended or replaced from time to time (the **Certification Procedures**). Holders must seek their own professional advice to satisfy themselves that they comply with all the applicable procedures and any requirements thereunder (whether documentary or otherwise) to ensure a tax treatment of their Notes which duly reflects their particular circumstances for the purposes of applying any Withholding Tax, Tax Security and Tax Relief (as the case may be) and should consult the latest announcements in relation to the Certification Procedures on the websites of Euroclear and Clearstream, Luxembourg ([www.euroclear.com](http://www.euroclear.com) and [www.clearstream.com](http://www.clearstream.com)) and on the website of the International Capital Market Services Association ([www.icmsa.org](http://www.icmsa.org)). None of the Issuer, the Arranger, the Dealer, the Paying Agents or the ICSDs (or any other clearing system) assumes any responsibility therefor.

#### Quick Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest and/or principal in respect of the Notes have been made net of any Withholding Tax or Tax Security, because the Beneficial Ownership Information under the Relief at Source Procedure could not, for any

reason, be duly or timely collected, may be entitled to a refund of the amounts so withheld pursuant to the quick refund procedure as set out in the Certification Procedures (the **Quick Refund Procedure**).

### **Standard Refund Procedure**

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest in respect of the Notes have been made net of any Withholding Tax, because the Beneficial Ownership Information under the Relief at Source Procedure or the Quick Refund Procedure could not, for any reason, be duly or timely collected may deliver correct, complete and accurate Beneficial Ownership Information to the Issuer no later than **three years** from the end of a calendar year in which the payments which were subject to any relevant withholdings with respect to Withholding Tax were made (the **Standard Refund Procedure**).

The Beneficial Ownership Information shall be delivered to the address of the registered office of the Issuer, in person or by first class mail or (if posted from an address overseas) by airmail and marked for the attention of:

Česká exportní banka, a.s.  
Finance Department  
Email: tax@ceb.cz  
Vodičkova 34  
111 21 Prague 1  
Czech Republic

and shall include the Beneficial Owner's up-to-date contact details together with evidence of the Beneficial Owner's holding of or interest in the relevant Notes, which shall be used by the Issuer for the purposes of any refund-related communication.

The Issuer shall proceed in accordance with the then applicable laws of the Czech Republic and shall use its reasonable endeavours to obtain the refund or will inform the Beneficial Owner that it is not in position to process such request. Subject to the due and timely receipt of the Beneficial Ownership Information, if the Issuer in its sole and absolute discretion determines that it is entitled to file a refund claim with the Czech tax authorities for any previously withheld Withholding Tax and obtains a refund of any amounts so withheld, it shall pay any such amounts to the Beneficial Owner within ten Business Days of receipt thereof from the Czech tax authorities, net of a fixed amount of **EUR 1,000** (excl. VAT, if any) to cover the Issuer's administrative costs and expenses pertaining to the refund claim.

Any communication in respect of the Standard Refund Procedure shall be made directly between the Issuer and the relevant Beneficial Owner as Euroclear and Clearstream, Luxembourg and the Paying Agent are not engaged in the Standard Refund Procedure.

The Issuer may publish additional information in relation to the Standard Refund Procedure (including a change in contact details for delivery of the Beneficial Ownership Information) on the website of the Issuer.

In case of any withholding for or on account of the Tax Security, the relevant Beneficial Owner must directly approach the Czech tax authorities.

## **2. Taxation in the Czech Republic**

*The following is a general discussion of certain Czech tax consequences of the acquisition, ownership and disposition of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. As each Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Tranche of Notes as set out in*

*the respective Final Terms, the following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Czech Republic currently in force and as applied on the date of this Alleviated Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. The information contained within this section are limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Notes in the Czech Republic. The summary is mainly based on the Act No. 586/1992 Coll., on Income Taxes, as amended (**Income Taxes Act**), and on other related laws which are effective as at the date of this Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or pension funds) and may change in the future depending on changes in the relevant laws that may occur after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Notes has been significantly affected by the Act No. 609/2020 Coll. (**2021 ITA Amendment**) and Act No. 353/2021 Coll. (**2022 Banking Act Amendment**), which amends some acts in the field of taxes and some other acts. The 2021 ITA Amendment has significantly changed the tax regime of notes issued after 31 December 2020. Subsequently, the 2022 Banking Act Amendment has reintroduced some provisions abolished by 2021 ITA Amendment. The new rules are quite controversial. Therefore, the tax regime of notes (including the Notes) is currently associated with many ambiguities. In the Issuer's opinion, the summary below represents a rational interpretation of the relevant provisions of the Income Taxes Act in relation to notes.*

*The following summary assumes that the person to whom any income is paid in connection with the Notes is a beneficial owner of such income (within the OECD meaning of this term), i.e. it does not act, for example, as a proxy, agent, depositary or in any other similar position in which any such payments would be received on account of another person or entity.*

For the purposes of this section (*Taxation*), the following terms have the following meaning:

**Beneficial Owner** means a holder of a Note if such holder is also a beneficial owner (within the OECD meaning of this term) in respect of income paid on or in connection with such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning, in each case under the Income Taxes Act as well as for the purposes of a relevant Tax Treaty (if any).

**Czech Permanent Establishment** means a permanent establishment in the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty, if any.

**Coupon** means any note yield other than a note yield that is determined by reference to the difference between the nominal value of a note and its issue price (i.e. yield determined as the Discount). For the avoidance of doubt, the Coupon also includes the Early Redemption Premium.

**Coupon Note** means a note that has the issue price equal to its nominal value. For the avoidance of doubt, the Coupon Note is not a note with a yield that is determined by reference to the combination of the Discount and the Coupon.

**Czech Tax Non-Resident** means a taxpayer who is a tax resident of the Czech Republic neither under the Income Taxes Acts nor under any Tax Treaty.

**Czech Tax Resident** means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Acts as well as under a relevant Tax Treaty, if any.

**Discount** means a positive difference between the nominal value of a note and its lower issue price.

**Discounted Note** means a note that has the issue price lower than the nominal value. For the avoidance of doubt, the Discounted Note is also a note with a yield that is determined by the combination of the Discount and the Coupon.

**Early Redemption Premium** means any extraordinary yield paid by an issuer in the event of early redemption of a note.

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

**Non-Qualifying Czech Tax Non-Resident** means the Czech Tax Non-Resident other than the Qualifying Czech Tax Non-Resident.

**Person Related Through Capital** means every person (whether an individual or a Legal Entity) in a situation where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25 per cent. of the registered capital of, or 25 per cent. of the voting rights in, such other person/persons.

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

**Qualifying Czech Tax Non-Resident** means the Czech Tax Non-Resident (whether an individual or a Legal Entity) who (i) is not the Person Related Through Capital to the Issuer and (ii) has not created a legal relationship with the Issuer mainly for tax reasons (i.e. with the aim to reduce a tax base or to increase a tax loss).

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

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

**Withholding Agent** means a payer of (taxable) income who is responsible for making the deduction of (i) the Withholding tax or (ii) the Tax Security, as applicable, and their remittance to the tax authorities.

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

## **Interest Income**

### ***Czech Tax Residents***

#### ***(a) Individuals***

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. This tax represents final taxation of the Coupon in the Czech Republic.

The yield in the form of the Discount paid to an individual is not subject to the Withholding tax or Tax Security. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. If an individual holds the Note, which is the Coupon Note, until its maturity (or early redemption) and this individual acquired such Note on a secondary market at an amount below the nominal value of the Note (or below other amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any), such (positive) difference is also included in the individual's general tax base.

#### ***(b) Legal Entities***

The yield (whether in the form of the Discount or the Coupon) paid to a Legal Entity is not subject to the Withholding Tax, but it is rather included in the general tax base, which is subject to corporate income tax at a flat rate of 19 per cent. The Legal Entity which is an accounting unit is generally required to recognise the yield in its profit and loss statement on an accrual basis.

### ***Qualifying Czech Tax Non-Residents***

The yield from the Note (whether in the form of the Discount or the Coupon) paid to a Qualifying Czech Tax Non-Resident (whether an individual or a Legal Entity) is exempt from Czech taxation.

### ***Non-Qualifying Czech Tax Non-Residents***

#### ***(a) Individuals***

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients, which do not have Czech Permanent Establishment to which the Notes are attributable and, at the same time, are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double tax treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax generally represents a final taxation of the Coupon in the Czech Republic. However, an individual who is a tax resident of an EU/EEA member state may decide to include the Coupon in his/her tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final Czech tax liability as declared in the tax return.

The yield in the form of the Discount paid to an individual is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal



value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. However, if the Notes are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to a gross amount paid (i.e. the nominal value of the Note upon the maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) an individual holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this individual acquired such Note on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that individual's Czech Permanent Establishment, such (positive) difference is also included in the individual's general tax base.

*(b) Legal Entities*

The yield in the form of the Coupon paid to a Legal Entity, where the Note is not attributable to its Czech Permanent Establishment, is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients, which are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double tax treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax generally represents final taxation of the Coupon in the Czech Republic. However, the Legal Entity who is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of the Coupon paid to a Legal Entity, where the Note is attributable to its Czech Permanent Establishment, is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 19 per cent. Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10 per cent. applicable to the amount of the Coupon (on a gross basis). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

The yield in the form of the Discount paid to the Legal Entity is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 19 per cent. However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and the price at which the Legal Entity acquired the Note. However, if the Notes are not attributable to Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to gross amount (i.e. the nominal value of the Note at maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) a Legal Entity holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this Legal Entity acquired such Note on a secondary market for an amount below the nominal value of the Note (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and (iii) such Note is attributable to that Legal Entity's Czech Permanent Establishment, such (positive) difference is also included in its general tax base.

A Legal Entity which is an accounting unit and where the Notes are attributable to its Czech Permanent Establishment, is generally required to recognise the yield (whether in the form of the Discount or the Coupon) in its profit and loss statement on an accrual basis.

### **Capital gains/losses**

#### ***Czech Tax Residents***

##### *(a) Individuals*

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt).

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains from the sale of the Notes realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). If an individual has held the Notes in connection with his/her business activities, such gains are also subject to social security and health insurance contributions. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

##### *(b) Legal Entities*

Capital gains from the sale of the Notes are included in the general tax base, which is subject to corporate income tax at a rate of 19 per cent. Losses from the sale of the Notes realised by Legal Entities are generally tax deductible.

#### ***Czech Tax Non-residents***

Capital gains from the sale of the Notes realised by a Czech Tax Non-Resident are subject to taxation in the Czech Republic provided that:

- the Notes are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling these Notes, or
- the Notes are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Notes through his/her/its Czech Permanent Establishment.

Therefore, capital gains realised by a Czech Tax Non-Resident where the Notes are sold to another Czech Tax Non-Resident and where such Notes are attributable to neither (i) a Czech Permanent

Establishment of the seller nor (ii) a Czech Permanent Establishment of the buyer, are out of scope of Czech taxation.

*(a) Individuals*

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt).

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains (as defined above) from the sale of the Notes realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 48 times the average wage amounting to CZK 1,935,552 in 2023). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

Furthermore, if the Notes are sold by an individual who is not a tax resident of an EU/EEA member state, a buyer acting as a Withholding Agent may be required to withhold a Tax Security amounting to 1 per cent. of the gross purchase price. The buyer will be act as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

*(b) Legal Entities*

Capital gains from the sale of the Notes, which are subject to Czech taxation (as defined above), are included in the general tax base, which is subject to corporate income tax at a rate of 19 per cent. Losses from the sale of the Notes realised by the Legal Entities are generally tax deductible. However, according to certain interpretations, such losses are not tax deductible for a Czech Tax Non-Resident who does not keep its accounting books under the Czech accounting rules.

Furthermore, if the Notes are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting

to 1 per cent. of the gross purchase price. The buyer will be acting as a Withholding agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

### **Benefits under Tax Treaties**

A Tax Treaty may reduce or even fully eliminate Czech taxation of interest income from the Notes or capital gains from their sale (including a Tax Security withholding, if applicable). Such Tax Treaty relief is usually applicable on the condition that the income recipient who is a Czech Tax Non-Resident does not hold the Notes through his/her/its Czech Permanent Establishment. Furthermore, the entitlement to particular Tax Treaty benefits is generally conditional on presenting documents proving that the income recipient qualifies for the Tax Treaty benefits including, in particular (i) a tax residency certificate issued by the relevant tax authorities and (ii) a beneficial ownership declaration of the income recipient. Entitlement to particular Tax Treaty benefits may also be conditional on meeting further specific criteria under that Tax Treaty.

### **Reporting Obligation**

An individual holding the Notes (whether a Czech Tax Resident or a Czech Tax Non-Resident) is obliged to report to the Czech tax authorities any income earned in connection with the Notes if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15 per cent. of a gross amount of the unreported income.

### **Value Added Tax**

There is no Czech value added tax payable in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

### **Other taxes or duties**

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by either the Czech Tax Resident or the Czech Tax Non-resident in respect of or in connection with the mere purchase, holding or disposition of the Notes.

## SUBSCRIPTION AND SALE

The Notes may be sold from time to time by the Issuer to KBC Bank NV and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes (together the **Dealers** and each a **Dealer**). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 24 May 2023 (as amended, restated, supplemented and/or replaced from time to time, the **Dealer Agreement**) and made between the Issuer and the Dealers. Any agreement for the sale of Notes will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, whether the placement of the Notes is underwritten or sold on an agency basis only, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) which are payable or allowable by the Issuer in respect of such purchase and the form of any indemnity to the Dealers against certain liabilities in connection with the offer and sale of the relevant Notes. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Series that may be jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain losses, as set out in the Dealer Agreement. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **Selling Restrictions**

#### *United States*

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (other than a distributor) except in certain transactions in reliance on Regulation S under the Securities Act.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of U.S. persons (other than a distributor) and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

*“The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”*

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

If further Notes (as defined in Condition 20 (*Further Issues*)) are issued during the distribution compliance period pursuant to Condition 20 (*Further Issues*) and it is intended that such further Notes

shall be fungible and form a single series with the original Notes from their Issue Date, then the distribution compliance period shall be extended for a further 40 days beginning on the later of the commencement of the offering of the further Notes and the closing date within the United States.

Terms used in the paragraphs above have the meanings given to them by Regulation S under the Securities Act.

#### *Prohibition of Sales to EEA Retail Investors*

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Alleviated Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation, and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA (each a **Relevant State**), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Alleviated Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide

to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

*Prohibition of Sales to UK Retail Investors*

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Alleviated Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of UK MiFIR; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Alleviated Base Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

*For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA.*

### *United Kingdom*

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### *Belgium*

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised, offered, sold or otherwise made available to any Belgian consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) dated 28 February 2013, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### *The Grand Duchy of Luxembourg*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Alleviated Base Prospectus to the public in Luxembourg, except that it may make an offer of such Notes to the public in Luxembourg:

- (a) if an offer of those Notes may be made other than pursuant to article 18 of the Prospectus Act 2019 in Luxembourg (a **Non-exempt Offer**), following the date of publication of the Alleviated Base Prospectus in relation to such Notes which has been approved by the Commission de



surveillance du secteur financier (the **CSSF**), as competent authority in Luxembourg under Part III, chapter 2 of the Prospectus Act 2019, provided that the Alleviated Base Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Act 2019, in the period beginning and ending on the dates specified in the Alleviated Base Prospectus or the Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to qualified investors as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time, in any other circumstances falling within article 18 of the Prospectus Act 2019, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to article 29 of the Prospectus Act 2019 or supplement a prospectus pursuant to article 30 of the Prospectus Act 2019.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in Luxembourg means the communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to these Notes.

For the purposes of this provision, the “**Prospectus Act 2019**” means the Luxembourg law of 16 July 2019 on Prospectuses for Securities, implementing into Luxembourg law Regulation (EU) 2017/1129, as amended.

## **General**

These selling restrictions may be modified or supplemented by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Alleviated Base Prospectus.

Neither the Issuer nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of a change or changes in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “*General*” above.

## GENERAL INFORMATION

1. Any Tranche of Notes intended to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange will be so admitted upon submission to the Luxembourg Stock Exchange subject in each case to the issue of the relevant Notes. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the official list and to the Luxembourg Stock Exchange for such Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed and/or admitted to trading on such other stock exchange as the Issuer and the relevant Dealer(s) may agree.

2. The update and decrease of the Programme and the issue of the Notes thereunder was authorised by the resolution of the General Meeting of the Issuer dated 22 December 2022, by the resolution of the Board of Directors of the Issuer dated 18 April 2023, and by the resolution of the Supervisory Board of the Issuer dated 28 April 2023. The consent of the Ministry of Finance was obtained on 8 March 2023.
3. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware) concerning the Issuer or the Guarantor, which may have, or have had during the 12 months prior to the date of this Alleviated Base Prospectus, a significant effect on the financial position or profitability of the Issuer or which are material in the context of the Programme or any issue of the Notes thereunder.
4. Since 31 December 2022, there has been no material adverse change in the prospects of the Issuer or the Guarantor and no significant change in the financial performance of the Issuer or the Guarantor.
5. For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Paying Agent:
  - (a) the Fiscal Agency Agreement;
  - (b) the Deed of Covenant;
  - (c) the Dealer Agreement;
  - (d) this Alleviated Base Prospectus (and any supplements thereto);
  - (e) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a Holder of the relevant Notes upon production of evidence satisfactory to the Issuer and the Paying Agent as to its holding of such Notes and identity;
  - (f) the Articles of Association of the Issuer;

- (g) the audited financial statements of the Issuer for the years ended 31 December 2022 and 2021; and
- (h) the latest published audited annual financial statements and quarterly unaudited interim financial statements of the Issuer.

Copies of the documents referred to in sub-paragraphs (d), (e), (f), (g) and (h) above are available free of charge during normal business hours at the specified office of the Paying Agent.

6. In addition, this Alleviated Base Prospectus, any supplements hereto and the documents specified as containing information incorporated by reference in this Alleviated Base Prospectus will also be available on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the international securities identification number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
7. Pursuant to Section 8a of the Act No. 15/1998 Coll., on Supervision of Capital Markets, as amended, the issuance of each Series and/or Tranche of the Notes must be notified to the Czech National Bank no later than on the date of issue of the relevant Notes setting out the place of issue and amount of relevant Series or Tranche and the form, yield and maturity of the relevant Notes.
8. KPMG Česká republika Audit, s.r.o., independent auditors of the Issuer registered with the Chamber of Auditors of the Czech Republic with their address at Pobřežní 648/1a, 186 00 Prague 8, Czech Republic, have audited the financial statements of the Issuer for the years ended 31 December 2022 and 2021.
9. The Legal Entity Identifier (LEI) of the Issuer is DW6MQVZJSSKVELT9F22. The LEI of the Czech Republic is 3157007EFDLQABN47912.

## **ISSUER AND OTHER PARTIES**

### **Česká exportní banka, a.s.**

Vodičkova 34  
110 00 Prague 1  
Czech Republic

### **GUARANTOR**

#### **The Czech Republic**

Ministry of Finance  
Letenská 15  
118 10 Prague 1  
Czech Republic

## **ARRANGER AND DEALER FOR THE PROGRAMME**

### **KBC Bank NV**

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1080 Brussels  
Belgium

## **FISCAL AGENT AND PAYING AGENT**

### **Citibank, N.A. London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **REGISTRAR**

### **Citigroup Global Markets Europe AG**

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60323 Frankfurt am Main  
Germany

### **LISTING AGENT**

### **Banque Internationale à Luxembourg, société anonyme**

69, route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

### **AUDITORS TO THE ISSUER**

### **KPMG Česká republika Audit, s.r.o.**

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