BASE PROSPECTUS

KOMERČNÍ BANKA, A.S.

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

EUR5,000,000,000
Mortgage Covered Bond (*hypoteční zástavní list*) Programme

Under this EUR5,000,000,000 Mortgage Covered Bond Programme (the **Programme**), Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33 Descr. No. 969, Postal Code 114 07, Czech Republic, Identification No. 45317054, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1360, LEI: IYKCAVNFR8QGF00HV840 (the **Issuer**) may from time to time issue mortgage covered bonds (in Czech, *hypoteční zástavní listy*) in accordance with Czech Act No. 190/2004 Coll., Act on Bonds, as amended (the **Czech Bonds Act**), Section 28 *et seq.*, Part 2, Clause III (the **Mortgage Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). This prospectus comprises a base prospectus in respect of Mortgage Covered Bonds (the **Base Prospectus**) issued under the Programme for the purposes of Article 8(1) of Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**).

Mortgage Covered Bonds will be issued in registered form. The maximum aggregate nominal amount of all Mortgage Covered Bonds from time to time outstanding under the Programme (or, in relation to the nominal amount of any Mortgage Covered Bonds which are not denominated in euro, its equivalent in other currencies calculated as described in the Programme Agreement) will not exceed EUR5,000,000,000, subject to increase as described herein.

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

An investment in Mortgage Covered Bonds issued under the Programme involves certain risks. For a discussion of these risks see Risk Factors.

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the **CSSF**) as competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Mortgage Covered Bonds and the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Law on Prospectuses for securities. Investors should make their own assessment as to the suitability of investing in the Mortgage Covered Bonds.

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

References in this Base Prospectus to Mortgage Covered Bonds being **listed** (and all related references) shall mean that such Mortgage Covered Bonds have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and have been listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended (**MiFID II**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Mortgage Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. The validity of this Base Prospectus ends upon expiration of 3 October 2026.

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

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

Fitch Ratings Ireland Limited (**Fitch** or the **Rating Agency**) is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of 16 September 2009 of the European Parliament and of the Council on Credit Rating Agencies (as amended) (the **CRA Regulation**). Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. The Mortgage Covered Bonds issued under the Programme are expected to be assigned an "AAA" rating by Fitch. However, the Issuer may also issue Mortgage Covered Bonds which are unrated or rated by another rating agency. Where a Tranche of Mortgage Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Tranches of Mortgage Covered Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on the Floating Rate Mortgage Covered Bonds (as defined below) may be calculated by reference to certain reference rates which may constitute benchmarks for the purposes of Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**), including the Euro Interbank Offered Rate (**EURIBOR**), which is provided by the European Money Markets Institute (**EMMI**), the Secured Overnight Financing Rate (**SOFR**), which is provided by the Federal Reserve Bank of New York, the Sterling Overnight Index Average (**SONIA**), which is provided by the Bank of England, the Euro short-term rate (**€STR**), which is provided by the European Central Bank, or the Prague Interbank Offered Rate (**PRIBOR**), which is provided by Czech Financial Benchmark Facility s.r.o. (**Czech Financial Benchmark**). As at the date of this Base Prospectus, EMMI and Czech Financial Benchmark are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the EU Benchmarks Regulation. EMMI and Czech Financial Benchmark are also included in the register of administrators of the United Kingdom (**UK)** Financial Conduct Authority under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (**EUWA)** (the **UK Benchmarks Regulation** and, together with the EU Benchmarks Regulations, the **Benchmarks Regulations**) on the basis of an equivalence decision of His Majesty's Treasury. As at the date of this Base Prospectus, the administrators of SONIA and SOFR are not included in such registers. As far as the Issuer is aware, under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the administrator of SONIA, the Bank of England, the administrator of SOFR, the Federal Reserve Bank of New York, and the administrator of €STR, the European Central Bank, are not required to obtain authorisation or registration as of the date of this Base Prospectus. The registration status of any administrator under the Benchmarks Regulations is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or any Final Terms to reflect any change in the registration status of an administrator.

The Mortgage Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Mortgage Covered Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. See Terms and Conditions of the Mortgage Covered Bonds for a description of the manner in which Mortgage Covered Bonds will be issued. The Mortgage Covered Bonds are subject to certain restrictions on transfer, see Subscription and Sale.

Arranger

Société Générale
Corporate & Investment Banking

Dealers

Komerční banka, a.s.

Société Générale
Corporate & Investment Banking

The date of this Base Prospectus is 3 October 2025.

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IMPORTANT INFORMATION

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

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

By approving this Base Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. No other person mentioned in this Base Prospectus, other than the Issuer, is responsible for the information given in this Base Prospectus and any supplement thereto. This Base Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated in it by reference (see Documents Incorporated by Reference). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

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

Neither the Arranger nor the Dealers nor the Trustee (as defined below) nor their affiliates have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee or their affiliates as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee or any of their affiliates accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither the Arranger, nor the Dealers, nor the Trustee nor their affiliates shall be responsible for any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Mortgage Covered Bonds or any document entered into in connection therewith, or any other agreement or document relating to the Mortgage Covered Bonds or any document entered into in connection therewith, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Mortgage Covered Bonds shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time

subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee and their affiliates expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Mortgage Covered Bonds of any information coming to their attention.

Where information has been sourced from a third party, the Issuer confirms that to the best of its knowledge this information has been accurately reproduced and that, so far as the Issuer is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Important Information relating to the use of this Base Prospectus and Offers of Mortgage Covered Bonds Generally

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Mortgage Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Mortgage Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealers and the Trustee and their affiliates do not represent that this Base Prospectus may be lawfully distributed, or that any Mortgage Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers or the Trustee or any of their affiliates which is intended to permit a public offering of any Mortgage Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Mortgage Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Mortgage Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Mortgage Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Mortgage Covered Bonds in the United States, the EEA (including the Czech Republic), the United Kingdom (the **UK**) and Japan: see Subscription and Sale.

This Base Prospectus has been prepared on a basis that would permit an offer of Mortgage Covered Bonds with a denomination of at least EUR100,000 (or its equivalent in any other currency) or such Mortgage Covered Bonds that are to be admitted to trading only on a regulated market. As a result, any offer of Mortgage Covered Bonds in any Member State of the EEA (each, a **Relevant Member State**) or the UK must be made, pursuant to an exemption under the Prospectus Regulation, from the requirement to publish a prospectus for offers of Mortgage Covered Bonds. Accordingly, any person making or intending to make an offer of Mortgage Covered Bonds in that Relevant Member State or the UK may only do so in circumstances in which no obligation arises for the Issuer or any Dealer or any of its affiliates to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer nor any of its affiliates have authorised, nor do they authorise, the making of any offer of Mortgage Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer or any of their affiliates to publish or supplement a prospectus for such offer.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Mortgage Covered Bonds 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; (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 **PRIIPs Regulation**) for offering or selling the Mortgage Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared, and therefore offering or selling the Mortgage Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / target market – The Final Terms in respect of any Mortgage Covered Bonds will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment

in respect of the Mortgage Covered Bonds and which channels for distribution of the Mortgage Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Mortgage Covered Bonds (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Mortgage Covered Bonds (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 purposes of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Mortgage Covered Bonds is a manufacturer in respect of such Mortgage Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

UK MiFIR product governance / target market – The Final Terms in respect of any Mortgage Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Mortgage Covered Bonds and which channels for distribution of the Mortgage Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Mortgage Covered Bonds (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 Mortgage Covered Bonds (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 Mortgage Covered Bonds is a manufacturer in respect of such Mortgage Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended or modified, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise stated in the Final Terms in respect of any Mortgage Covered Bonds, all Mortgage Covered Bonds shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus contains various forward-looking statements that relate to, among others, events and trends that are subject to risks and uncertainties that could cause the actual business activities, results and financial

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

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

SUITABILITY OF INVESTMENT

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

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

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Mortgage Covered Bonds and the impact the Mortgage Covered Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Mortgage Covered Bonds, including Mortgage Covered Bonds where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Mortgage Covered Bonds and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION IN THE BASE PROSPECTUS

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer and its subsidiaries and the companies controlled by the Issuer that form the Issuer's consolidation group for the purposes of preparing the Issuer's consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS**) (collectively, the **Group**) has been derived from the unaudited interim consolidated financial statements of the Issuer as of and for the six months ended 30 June 2025 (with comparatives as of and for the six months ended 30 June 2024), together with the related notes (the **Interim Financial Statements**) and from the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2024 and 2023, together with the related notes thereto (the the **Annual Financial Statements**, and the Annual Financial Statements together with the Interim Financial Statements, the **Financial Statements**), all incorporated by reference in this Base Prospectus. See *Documents Incorporated by Reference*.

The Financial Statements should be read in conjunction with the accompanying notes thereto and the auditor's reports thereon. The Annual Financial Statements have been prepared in accordance with IFRS and the Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting (**IAS 34)**.

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

Use of Certain Defined Terms and Conventions

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

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

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

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

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

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

STABILISATION

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

IMPORTANT INFORMATION RELATING TO TAX REGIME OF THE MORTGAGE COVERED BONDS

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

IMPORTANT CONSIDERATIONS

Use of Proceeds related to Sustainable Mortgage Covered Bonds – The Final Terms of the Mortgage Covered Bonds may provide that the Issuer will apply an amount equivalent to the net proceeds of the issue to finance or refinance, in whole or in part, Eligible Assets as defined in the sustainable financing framework of Société Générale Group, as amended and supplemented from time to time (the **Framework**) and as specified in the Final Terms.

Sustainable Mortgage Covered Bonds can be either Green Mortgage Covered Bonds, Social Mortgage Covered Bonds or Sustainability Mortgage Covered Bonds if an amount equivalent to the net proceeds is applied to finance or refinance Eligible Assets in the Eligible Green Categories, the Eligible Social Categories or in the Eligible Categories (corresponding to both Eligible Green Categories and Eligible Social Categories, in the case of Sustainability Mortgage Covered Bonds), respectively, pursuant to the Framework.

Prospective investors should have regard to the information set out in the Final Terms and the Framework regarding such use of an equivalent amount to the net proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainable Mortgage Covered Bonds, together with any other investigation any such investors deem necessary.

The definition (legal, regulatory or otherwise) of, and market consensus as to what constitutes or may be classified as, a "green", "social", "sustainable", or equivalently-labelled project or loan that may finance such project or loan, and the requirements of any such label remains under development. Regulation (EU) No. 2020/852 on the establishment of a framework to facilitate sustainable investment, as amended (the **Taxonomy Regulation**) was adopted by the Council and the European Parliament, and supplemented by Delegated Regulation (EU) 2021/2139 (as amended) and Delegated Regulation (EU) 2023/2486 to establish a single EU-wide classification system (the **EU Taxonomy**). The EU Taxonomy provides companies and investors with a common language to determine which economic activities can be considered environmentally sustainable, i.e. (i) contributing substantially to one or more of the six environmental objectives of the Taxonomy Regulation (the "substantial contribution criteria"), (ii) doing no significant harm to any other environmental objectives (the "do no significant harm" principle), (iii) complying with minimum safeguards, and (iv) complying with technical screening criteria contained in delegated regulation.

The Issuer cannot guarantee that the relevant Eligible Assets or the application of an equivalent amount to the net proceeds of any Sustainable Mortgage Covered Bonds in connection therewith (as described in section "*Use of Proceeds*" of the relevant Final Terms), will be implemented substantially in such manner and/or in accordance with any timing schedule. Nor can it be certain that such Eligible Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the "sustainable " aspect) originally expected or anticipated by the Issuer.

There can be no assurance by the Issuer, the Arranger or the Dealers that the use of proceeds of any Sustainable Mortgage Covered Bonds (or the application of an amount equivalent to net proceeds of any Sustainable Mortgage Covered Bonds) identified in the Final Terms will satisfy, whether in whole or in part, any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply, whether pursuant to any present or future applicable law or regulation or under its own by-laws or other governing rules or investment portfolio mandates.

No assurance or representation is given as to the content, suitability or reliability for any purpose whatsoever in respect of (i) any second party opinion or certification of any other third party (whether or not solicited by the

Issuer) that may be made available in connection with the issue of any Sustainable Mortgage Covered Bonds and in particular with any assets to fulfil any environmental, social and/or other criteria, (ii) any Framework to be published on the Issuer's website on or before the issue of any Sustainable Mortgage Covered Bonds or equivalently labelled Mortgage Covered Bonds, or on (iii) any public reporting or (iv) any Sustainable Mortgage Covered Bonds or equivalently labelled Mortgage Covered Bonds.

Currently, the providers of second party opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such second party opinion or certification is not, and should not be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Sustainable Mortgage Covered Bonds.

The Arranger or the Dealers do not make any representation as to the suitability of the Sustainable Mortgage Covered Bonds in light of the green and/or social criteria required by prospective investors. The Arranger or the Dealers have not undertaken, and are not responsible for, any assessment of the eligibility criteria, any verification of whether the Sustainable Mortgage Covered Bonds meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to Société Générale's website or any third-party opinion.

Investors should refer to the relevant Final Terms, the Issuer's website, the Framework and the second party opinion delivered in respect thereof, if any, and any public reporting by or on behalf of the Issuer in respect of the application of the proceeds of any Eligible Assets for further information. Any such Framework and/or second party opinion and/or public reporting will not form part of, nor be incorporated by reference in, this Base Prospectus.

Any opinion or certification of any other third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Sustainable Mortgage Covered Bonds and in particular with any project to fulfil any environmental and/or other criteria may not be suitable or reliable for any purpose whatsoever. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should it be treated or considered as, a recommendation by the Issuer or any other person to buy, sell or hold any such Sustainable Mortgage Covered Bonds. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Dealers, to buy or hold any such Sustainable Mortgage Covered Bonds and prospective investors must determine for themselves the relevance of any such opinion, certification or verification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Sustainable Mortgage Covered Bonds.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the conditions of any particular Tranche of Mortgage Covered Bonds, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Words and expressions defined in *Terms and Conditions of the Mortgage* Covered Bonds and, if not defined therein, in other parts of this Base Prospectus, shall have the same meanings in this overview.

Issuer:	Komerční banka, a.s.
Issuer Legal Entity Identifier (LEI):	IYKCAVNFR8QGF00HV840
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Mortgage Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Mortgage Covered Bonds issued under the Programme. These risk factors are set out under section Risk Factors on pages 19-54 below and include: (a) risks relating to treatment of the International Cover Pool (as defined below) in insolvency of the Issuer – including, in particular, a risk of a Pari Passu Haircut (as defined below); (b) currency risk – the Mortgage Loans in the International Cover Pool will be denominated in Czech Koruna; (c) risks relating to the Issuer's ability to fulfil its obligations under Mortgage Covered Bonds issued under the Programme; (d) risks relating to the Czech mortgage market and certain other market risks; and (e) certain risks relating to the structure of particular Series of Mortgage Covered Bonds.
Description:	Mortgage Covered Bond (in Czech, *hypoteční zástavní list*) Programme
Arranger:	Société Générale
Dealers:	Komerční banka, a.s. Société Générale and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Mortgage Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations,

	restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see Subscription and Sale) including the following restrictions applicable at the date of this Base Prospectus. Mortgage Covered Bonds having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see Subscription and Sale).
Trustee:	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Asset Monitor:	Deloitte Audit s.r.o. will act as asset monitor pursuant to the terms of an asset monitor agreement and the Czech Bonds Act (the **Asset Monitor**). The Asset Monitor will be required to carry out agreed-upon procedures in relation to the checks and calculations performed by the Issuer in accordance with the Czech Bonds Act and the CNB Decree (see General Description of Czech Legislation relating to Mortgage Covered Bonds below) and the Conditions (see Statutory Cover Tests and The International Cover Pool below).
Programme Size:	The maximum aggregate nominal amount of all Mortgage Covered Bonds from time to time outstanding under the Programme (or, in relation to the nominal amount of any Mortgage Covered Bonds which are not denominated in euro, its equivalent in other currencies calculated as described in the Programme Agreement) is EUR5,000,000,000 at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Mortgage Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Mortgage Covered Bonds may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Mortgage Covered Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Mortgage Covered Bonds may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Mortgage Covered Bonds:	The Mortgage Covered Bonds will be issued in registered form as and as described in the Terms and conditions of the Mortgage Covered Bonds.

Clearing Systems:	Euroclear Bank SA/NV (Euroclear), Clearstream Banking, S.A. (Clearstream, Luxembourg) and/or, in relation to any Tranche of Mortgage Covered Bonds, any other clearing system as may be specified in the relevant Final Terms.
Fixed Rate Mortgage Covered Bonds:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Mortgage Covered Bonds:	Floating Rate Mortgage Covered Bonds will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (**ISDA**), and as amended and updated as at the Issue Date of the first Tranche of the Mortgage Covered Bonds of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Mortgage Covered Bonds of the relevant Series) as specified in the applicable Final Terms; or (b) on the basis of the reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Mortgage Covered Bonds. Floating Rate Mortgage Covered Bonds may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Mortgage Covered Bonds, in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Mortgage Covered Bonds:	Zero Coupon Mortgage Covered Bonds may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms and will bear no interest.
Benchmark Discontinuation:	In the event that a Benchmark Event or Benchmark Transition Event (as applicable) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Independent Adviser in consultation with the Issuer or failing that, the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Mortgage Covered Bonds and the application of an adjustment spread (which could be positive, negative or zero)). See Condition 4.2 (*Interest on Floating Rate Mortgage Covered Bonds*) for further information.

Redemption: The applicable Final Terms will indicate either that the relevant Mortgage Covered Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons, illegality or invalidity or following an Event of Default) or that such Mortgage Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Mortgage Covered Bondholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Mortgage Covered Bonds having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see *Certain Restrictions* above.

Extended Maturity Date: An Extended Maturity Date applies to all Series of Mortgage Covered Bonds.

If the Issuer or the Covered Block Administrator fails, not at its discretion, to redeem the Mortgage Covered Bonds of the Relevant Series in full on the Maturity Date or within 14 Business Days thereafter or if any other relevant circumstance set out in the Conditions occurs, the maturity of the principal amount outstanding of the Mortgage Covered Bonds of the Relevant Series will be automatically extended up to (and including) the date designated as Extended Maturity Date in the applicable Final Terms. In that event, the Issuer may, and if the CNB has appointed the Covered Block Administrator and to the extent there are sufficient monies available in the International Covered Block and it is permitted by the applicable law, the Covered Block Administrator shall, redeem all or any part of the principal amount outstanding of the Mortgage Covered Bonds on any Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date.

If the Issuer fails to redeem the relevant Mortgage Covered Bonds in full on the Maturity Date or within 14 Business Days thereafter, interest rates, interest periods and interest payments on the Mortgage Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and the Conditions.

The Mortgage Covered Bonds may for the purposes of the Programme be:

(a) Fixed Rate Mortgage Covered Bonds, Floating Rate Mortgage Covered Bonds or Zero Coupon Mortgage Covered Bonds in respect of the period from the Issue Date to (and including) the Maturity Date; and

(b) Fixed Rate Mortgage Covered Bonds or Floating Rate Mortgage Covered Bonds in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, as set out in the applicable Final Terms.

In the case of Mortgage Covered Bonds which are Zero Coupon Mortgage Covered Bonds up to (and including) the Maturity Date, the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made

	by the Issuer in respect of such amount in accordance with the Final Terms and the Conditions.
Denomination of Mortgage Covered Bonds:	The Mortgage Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the minimum denomination of each Mortgage Covered Bond will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see Certain Restrictions above, and save that the minimum denomination of each Mortgage Covered Bond will be €100,000 or, where it is to be admitted to trading only on a regulated market (or, if the Mortgage Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).
Use of Proceeds:	If in respect of any particular issue of Sustainable Mortgage Covered Bonds, the Issuer will apply an amount equivalent to the net proceeds of the issue to finance or refinance, in whole or in part, loans and investments (such assets being the **Eligible Green Assets** and/or **Eligible Social Assets**, together, the **Eligible Assets**) that meet the eligibility criteria for the Eligible Green Categories and/or Eligible Social Categories, as defined in the sustainable financing framework of Société Générale Group, as amended and supplemented from time to time (the **Framework**), such use will be stated in the Final Terms of such Mortgage Covered Bonds (the **Sustainable Mortgage Covered Bonds**).
Taxation:	All payments in respect of the Mortgage Covered Bonds will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7 (Taxation), unless such deduction is required by law. In the event that any such deduction is made, the Issuer will, save in certain circumstances provided in Condition 7 (Taxation), be required to pay additional amounts to cover the amounts so deducted. All payments in respect of the Mortgage Covered Bonds will be made subject to any deduction or withholding required by FATCA, as provided in Condition 5.2 (Payments Subject to Fiscal and Other Laws) and no additional amounts will be paid to cover the amounts so deducted.
Negative Pledge:	The terms of the Mortgage Covered Bonds will not contain a negative pledge provision.
Contractual Asset Cover Test:	The Issuer covenants to ensure that the Contractual Adjusted Aggregate Cover Pool Balance is an amount at least equal to 105% of all Debts. For the avoidance of doubt, a breach of the Contractual Asset Cover Test will not result in an Event of Default. However, the breach constitutes an Issuer Event of Default, which means that while such breach is continuing, the Issuer must not issue any Czech Mortgage Covered Bonds (as defined below) which have the benefit of the International Cover Pool.
Status of the Mortgage Covered Bonds and the Issuer's Cover Pools:	The Mortgage Covered Bonds are mortgage covered bonds (in Czech, *hypoteční zástavní listy*) issued in accordance with Section 28 *et seq.*, Part 2, Clause III of the Czech Bonds Act.

The Czech Mortgage Covered Bonds are all instruments and/or securities issued by the Issuer as mortgage covered bonds pursuant to Section 28 *et seq.*, Part 2, Clause III of the Czech Bonds Act, in each case covered by a cover pool, whether issued under and governed by Czech or foreign law and whether issued under the Programme (as the Mortgage Covered Bonds), the Local Covered Bond Programme (as defined below), a programme yet to be established by the Issuer or on a standalone basis, which are then outstanding (the **Czech Mortgage Covered Bonds**, which definition includes the Mortgage Covered Bonds).

As of the date of this Base Prospectus, the Issuer operates two cover pools. The first is the cover pool with an identifier: Komerční_banka_HZL_EUR_0001 (the **International Cover Pool**). The International Cover Pool will cover the Mortgage Covered Bonds issued under this Programme. The second is the cover pool with an identifier: Komerční_banka_HZL_0000 (the **Local Cover Pool**). The Local Cover Pool covers the covered bonds issued under the Local Covered Bond Programme (and certain other debts) (see Issuer's other programmes below). In the future, the Issuer may also create other cover pools than the International Cover Pool and the Local Cover Pool.

The Mortgage Covered Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as such Mortgage Covered Bonds.

The obligations of the Issuer arising from the Mortgage Covered Bonds can under certain circumstances be repaid, and satisfied from any assets forming the International Cover Pool of the Issuer. Although the Mortgage Covered Bonds constitute unsecured obligations of the Issuer, in any insolvency proceedings against the Issuer, the Czech Insolvency Act provides for a special regime in respect of the obligations arising from the outstanding Czech Mortgage Covered Bonds (including Mortgage Covered Bonds issued under the Programme) issued by the Issuer (see further General Description of Czech Legislation relating to Mortgage Covered Bonds).

All Mortgage Covered Bonds issued by the Issuer under the Programme which are then outstanding and benefiting from the International Cover Pool: (i) have, and will have, the benefit of a statutory priority under the Czech Bonds Act, the CNB Decree and the Czech Insolvency Act over the International Cover Pool; and (ii) constitute and will constitute unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as such Mortgage Covered Bonds.

Each Mortgage Covered Bond will bear the designation "*hypoteční zástavní list*" to be recognised as such under the Czech Bonds Act, the CNB Decree and the Czech Insolvency Act.

Issuer's other programmes: In addition to the Programme, as of the date of this Base Prospectus, the Issuer has outstanding covered bonds under the CZK150 billion local bonds programme of the Issuer for the issuance of both (i) Czech Mortgage Covered Bonds; and (ii) other bonds issued under

	Czech law in accordance with the Czech Bonds Act, approved by the Board of Directors of the Issuer on 7 March 2007 (the **Local Covered Bond Programme**). The outstanding covered bonds issued under the Local Covered Bond Programme are covered by the Local Cover Pool. The Local Cover Pool is a separate cover pool from the International Cover Pool and does not cover the Mortgage Covered Bonds issued under this Programme.
Statutory Cover Tests:	The Issuer covenants in favour of the Mortgage Covered Bondholders that it will adhere to certain requirements in connection with the value and maintenance of the International Cover Pool and its compliance with certain key obligations imposed on it under the Czech Bonds Act and the CNB Decree (see *General Description of Czech Legislation relating to Mortgage Covered Bonds* and *The International Cover Pool*). In addition, the Issuer also covenants, amongst other things, to ensure that it does not breach the Statutory Tests and the Contractual Asset Cover Test (see *The International Cover Pool – Statutory Tests* and *Contractual Asset Cover Test*). In addition, the Issuer covenants that assets included in the International Cover Pool satisfy all of the Statutory Eligibility Criteria (see *The International Cover Pool – Statutory Eligibility Criteria for Eligible Assets*) and the Contractual Eligibility Criteria (see *The International Cover Pool – Contractual Eligibility Criteria for Eligible Assets*).
Rating:	The Mortgage Covered Bonds issued under the Programme are expected to be assigned an "AAA" rating by Fitch. However, the Issuer may also issue Mortgage Covered Bonds which are unrated or rated by another rating agency. Where a Series of Mortgage Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Tranches of Mortgage Covered Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch's long-term credit ratings are set up along a scale from AAA, AA, A, BBB, BB, B, CCC, CC, C, RD down to D. Fitch uses the intermediate modifiers "+" and "-" to denote relative status within the categories from AA to CCC. Fitch has also the possibility for guidance (termed "on watch") as to whether a rating is likely to be upgraded (positive), downgraded (negative) or uncertain (evolving). Outlooks are used to indicate the direction of a rating as the indication could be positive, negative, stable or evolving. Fitch's short-term ratings reflect a bank's vulnerability to default in the short term at the levels F1+, F1, F2, F3, B, C, RD and D.
Approval, Listing and Admission to Trading:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Mortgage Covered Bonds issued under the Programme 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. Mortgage Covered Bonds may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the

	Series. Mortgage Covered Bonds which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Mortgage Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Mortgage Covered Bonds and the non-contractual obligations arising out of or in connection with the Mortgage Covered Bonds will be governed by, and construed in accordance with, English law.
Czech Law applicable to the Mortgage Covered Bonds:	The Mortgage Covered Bonds, although otherwise governed by, and construed in accordance with, English law, will be subject to and will benefit from those provisions of the Czech Bonds Act, the CNB Decree, the Czech Insolvency Act and any other provisions of Czech law applicable to or relevant for the Czech Mortgage Covered Bonds. Therefore, the Mortgage Covered Bonds will need to satisfy requirements of Section 28 *et seq.*, Part 2, Clause III of the Czech Bonds Act and the International Cover Pool and its maintenance will be governed by Czech law. Also, Section 375 of the Czech Insolvency Act and other relevant provisions of the Czech Insolvency Act will apply to the Mortgage Covered Bonds and the Covered Block in the case of insolvency proceedings against the Issuer.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Mortgage Covered Bonds in the United States, the EEA (including the Czech Republic), the UK, Japan, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Mortgage Covered Bonds, see Subscription and Sale.
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C/ TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

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

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

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

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

I. FACTORS THAT MAY AFFECT THE GROUP`S ABILITY TO FULFIL ITS OBLIGATIONS UNDER MORTGAGE COVERED BONDS ISSUED UNDER THE PROGRAMME

Risks relating to the External Conditions under which the Issuer Conducts its Business

Risks relating to the overall economic and political conditions in Europe

The financial strength and profitability of the Issuer's business could be adversely affected by worsening conditions in the global financial markets and global economy, particularly in the European Union (the **EU**), including the Czech Republic. Such a potential economic and financial downturn may be caused by various factors, including, among others, investors' sentiment, low interest rate levels, inflation development, the availability and cost of credit, the liquidity on the global financial markets and the volatility of equity securities prices. All of these factors are able to significantly affect investors' appetite for bank financing and customers' ability to service and/or refinance their outstanding debt. There are many possible scenarios that investors should be aware of including that, for example, (i) an economic downturn could adversely affect the quality of the Issuer's on-balance sheet and off-balance sheet assets and consequently lead to higher provisions, goodwill impairments and as such to a lower profitability of the Issuer; (ii) the unfavourable market sentiment could cause the Issuer to incur mark-to-market losses in its trading portfolios; or (iii) a prolonged market downturn could have a negative impact on the fees the Issuer earns for managing clients' assets and, similarly, on the in-flows of assets under management. Additionally, significantly higher interest rates could adversely affect the long-term funding facilities.

If the economic or political conditions deteriorate due to, among other things, concerns over the European economy, a slowdown of economic growth, tariffs imposed or increased on EU by China, United States or other significant trading partners, or a return of the European sovereign debt crisis, the resulting market disruptions could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base or prospects.

The recent introduction of new policies and executive measures by the United States government has contributed to increased uncertainty and potential risks for the global and EU economies. These measures, which include the imposition of trade tariffs, adjustments to regulatory frameworks, and other policy changes, have the potential to create an unpredictable environment for international trade and economic activity.

The implementation of tariffs and related trade barriers can disrupt established global supply chains, raise the cost of goods, and reduce the overall volume of international trade. Such developments may prompt affected countries to consider retaliatory actions, further amplifying the risk of trade disputes and economic fragmentation. The resulting uncertainty can lead to heightened volatility in financial markets, adversely impacting investor confidence and broader economic stability.

For the EU, with its highly integrated economies and significant exposure to global trade, these developments may increase vulnerability to external shocks. The introduction of new trade measures and the potential for regulatory divergence can also give rise to disputes in areas such as investment and market access, contributing to increased volatility in both diplomatic and commercial relations. In this context, the evolving trade policy environment underscores the importance of robust regulatory frameworks and coordinated international engagement to mitigate risks and support economic resilience.

Furthermore, the global economic and political environment continues to be affected by significant geopolitical risks, including the ongoing war in Ukraine and the conflict between Israel and Hamas. The Russian military build-up along the border of Ukraine and the subsequent full-scale military invasion of Ukraine by Russia in February 2022, as well as the broad array of sanctions imposed by the EU, the US, the UK, Switzerland, Canada, Japan, Australia and certain other countries, have contributed to increased uncertainty and volatility in global markets. The invasion of Ukraine and the subsequent sanctions imposed on Russia accelerated the trend of rapidly rising commodity prices, particularly in the EU, which had to address its dependence on Russia for oil and gas supplies. Even though the EU as a whole largely replaced Russian gas with imports from other countries, the invasion of Ukraine has brought about considerable uncertainty for the future, especially with regard to energy and food prices, and continues to pose a major risk for economic growth in many EU countries. Similarly, the conflict between Israel and Hamas, which escalated in October 2023, may have indirect effects on the European and global economy by contributing to price volatility, increased inflation, and currency depreciation, even though the Issuer does not operate in the Middle East region.

The realisation of any of these geopolitical risks may have material adverse effects on the Issuer's business, results of operations and financial condition. A potential slowdown in economic growth caused by these conflicts might affect the Issuer's lending activity and the quality of its loan portfolio. Instability in global financial and foreign exchange markets may reduce the overall market liquidity which may in extreme circumstances lead to a credit crunch and severe financial distress of key market participants.

Moreover, there can be no guarantee any pandemics or outbreaks similar to COVID-19 by its nature will not occur in the future. If such pandemics or outbreaks occur in the future, these may result in similar or more adverse effects relative to the COVID-19 pandemic and could result in similar or further adverse effects on the EU and global economy.

Any of these developments and the increased political and economic uncertainty accompanying them have had and could continue to have a material adverse effect on the European and global economy and financial sector. Overall, the economic outlook continues to be subject to a number of risks and, hence, may prove to cause increased market volatility together with detrimental fluctuations in asset values or currency exchange rates or result in the European market sliding back into a recession.

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

The Group principally conducts its business in the Czech Republic with the Group's income generated on the territory of the Czech Republic accounting for more than 95% of the Group's income in the year 2024 (2023: almost 96%) as well as in the first half of 2025.

The invasion of Ukraine has had a material impact on the Czech economy. Prior to the invasion of Ukraine, the Czech Republic was almost entirely dependent on Russian gas (albeit transported to the country via Germany) which according to the information published by the Czech Ministry of Industry and Trade in 2021 represented approximately 97% of the country's gas imports. This was reduced to approximately 3% in 2022 and to zero in January 2023 when Russian gas was entirely replaced by supplies from Norway and liquefied natural gas (**LNG**) from the Netherlands and Belgium. Since October 2023, the import of gas originating from Russia via Slovakia began to reappear, and its share grew considerably. Since the beginning of January 2025, however, the Czech Republic has once again stopped receiving Russian gas.

The invasion of Ukraine and the subsequent sanctions imposed on Russia have accelerated the trend of rapidly rising commodity prices, which has had a direct impact on the Czech economy, particularly in relation to energy and food prices. The ongoing conflict continues to pose a major risk for economic growth in the Czech Republic, contributing to price volatility, increased inflation, and currency depreciation. The Group has reviewed its portfolios to identify assets with direct exposure to Russia and/or Belarus and concluded that there is not any material direct exposure as of the date of this Base Prospectus. However, the invasion of Ukraine may have an indirect impact on the Issuer's operations by affecting the Czech economy and financial markets due to, among other things, the imposition of sanctions and the effects of the war, including price volatility, increased inflation and currency depreciation. A potential slowdown in economic growth caused by these conflicts might affect the Issuer's lending activity and the quality of its loan portfolio. A significant and permanent weakening of the CZK vis-a-vis foreign currencies might affect borrowers' ability to repay FX loans. It may also lead to an increase in funding costs and execution risks related to debt issuance in the capital markets. The realisation of any of these and other risks may have material adverse effects on the Issuer's business, results of operations and financial condition.

The Issuer's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing loans, make deposits and invest in financial products offered by the Group. The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment fund units or other investment products offered by the Group. Although the average rate of inflation in the Czech Republic in 2024 of 2.4% was significantly lower than in 2023, where it reached 10.3% (both as reported by the Ministry of Finance of the Czech Republic)[1] and the gross domestic product (**GDP**) of the Czech Republic reported a growth of 1.1% in 2024 (as opposed to a 0.5% decrease in 2023)[2], there is no guarantee that this positive trend will persist in the future. Any deterioration in the economic

[1] Source: Macroeconomic Forecast – January 2025, available here: https://www.mfcr.cz/en/fiscal-policy/macroeconomic-analysis/macroeconomic-forecast/2025/macroeconomic-forecast-january-2025-58626.
[2] Source: Public data from Eurostat, available at: https://ec.europa.eu/eurostat.

conditions and political situation in the Czech Republic, including as a result of the ongoing war in Ukraine and its associated effects, could adversely affect the Group's operations, profitability and financial condition and the Issuer's ability to meet the obligations under the Mortgage Covered Bonds.

The Czech Republic's long term foreign currency debt rating is AA- with stable outlook by S&P Global Ratings (**S&P**), Aa3 with stable outlook by Moody's and AA- with stable outlook by Fitch Ratings (**Fitch**). S&P affirmed the Czech Republic's rating on 14 April 2024, Fitch affirmed the Czech Republic's rating on 16 August 2024 and Moody's affirmed the Czech Republic's rating on 2 February 2024, in each case including its stable outlook. However, there can be no guarantee that any of S&P, Fitch or Moody's will not downgrade their respective rating of the Czech Republic's long term foreign currency obligations, which may have a negative impact on issuers out of the Czech Republic and the value of their outstanding securities

The Issuer competes against several large international financial institutions and may face increased competition from less established banks or new entrants

As banking and financial services markets in Central and Eastern Europe (**CEE**), and the Czech Republic in particular, are becoming increasingly saturated, the Issuer may experience increased competition from both global financial institutions and local competitors, which may lead to reductions in interest rate margins, pricing of loans and other products, fee and commission income and business volumes, as well as increased costs of deposits and other funding. Currently, the Czech banking market is highly concentrated. Although there are only a few competitors comparable in size and scope of business to the Issuer, the Issuer may also face increased competition from less established banks and financial institutions or new entrants seeking to offer more attractive interest or deposit rates or other aggressively priced products to penetrate the market. The Czech banking market continues to see an emergence of low-cost banks primarily focused on providing internet-based banking services.

In addition, in 2021 much consolidation occured in the Czech banking sector, including (i) the acquisition of Equa Bank a.s. by Raiffeisen Bank International AG (through Raiffeisenbank a.s.), which was closed on 1 July 2021, (ii) the re-contracting of retail customers of ING Bank N.V. by the Issuer, (iii) and the aqusition of Wüstenrot – stavební spořitelna a.s. and Wüstenrot hypoteční banka a.s. by MONETA Money Bank, a.s. Further consolidation was initially expected in 2022, when the proposed acquisition of Air Bank, Czech and Slovak Home Credit and Benxy, PPF Group's banking and consumer lending companies by MONETA Money Bank, a.s. was expected to take place, however the transaction was ultimately called off in May 2022. In September 2022, Banka CREDITAS a.s. finalised the acquisition of Expobank CZ (renamed to Max banka a.s. in October 2022). In April 2023, Česká Spořitelna, Erste Group's subsidiary in the Czech Republic, completed the purchase of the loan portfolio of Sberbank CZ.

Another trend in the banking market is to reduce the use of intermediaries. Financial service providers seek to limit or remove intermediaries (such as brokers, independent agents and physical branches) because of the more diverse opportunities in new technologies that replace or reduce the need to use intermediaries. This promotes the use of peer-to-peer lending, global payment schemes and other alternative service providers, and it is likely to create new competitors that may have different business models allowing them to compete even more aggressively on price and fees.

New competitors in the market (such as the newly established Partners Banka) may also offer employment to the Issuer's employees and thus could cause the Issuer to lose talent, which may force the Issuer to create better conditions to retain its employees to mitigate this impact, thus potentially significantly increasing the personnel costs of the Issuer.

In addition, the competition landscape in the payments market has been affected by Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (the **PSD2**), which entered into force on 13 January 2018 and which aims to further develop the integrated internal market for electronic payments within the EU. Under the PSD2, among other measures, banks are required to grant access to a customer's online account and payment services to third-party providers. This enables customers to choose these providers instead of the bank maintaining their account for so-called (i) account information services, for example the display of information regarding one or more bank accounts maintained with one or more banks, providing to customers better overview of their financial position; and (ii) payment initiation services, that is initiation of electronic payments between bank accounts, for example to a merchant. Although the initial response of the market to the PSD2's implementation has been slow, the spread of PSD2-compliant services may result in increased competition in the payments markets. This could negatively affect the market share and the related transaction fees of banks, including the Issuer, in this market.

In June 2023, the European Commission launched its proposal for the Payment Services Regulation (the **PSR**) and Payment Services Directive 3 (the **PSD3**), which together will succeed the PSD2. The main changes relate to fraud, further development of open banking, the granting of access to payment systems to non-bank payment service providers, further improving consumer rights and obligations and national competent authorities to closely monitor compliance and take enforcement action where relevant. The combat of fraud stands out and addresses new fraud types, such as impersonation fraud. To that end, the PSR introduces an obligation for electronic communications services providers to contribute to the collective fight against fraud, the IBAN/name check, a legal basis for payment service providers to share fraud related data, intensified transaction monitoring and an obligation for payment service providers to increase fraud awareness through education. All actors in the ecosystem must contribute to the combat of fraud. The PSR grants certain refund rights to consumers that suffered damages from the failure of the IBAN/name verification or that are a victim of bank employee impersonation fraud.

The Issuer's ability to compete effectively will depend on the ability of its businesses to adapt quickly to these new market and industry trends, including product offerings, customer behaviour and legal developments, such as the adoption of the PSR and the PSD3. The Issuer continuously monitors its business in order to adapt to such new developmnets, but various factors could adversely impact the implementation of such business initiatives, including failure to identify new products or customer demands in time or at all, misinterpretation of anticipated trends, flawed assumptions underlying such initiatives or unsuccessful execution of implementation measures. If the Issuer fails to compete effectively with either local competitors, large international financial institutions or new financial services providers entering the market as a result of, among other things, the PSR and the PSD3, it may have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer depends on credit conditions in the client sector

A major share of the Group's operating income consists of its net interest income, which, in turn, consists, for the most part, of net income from customer loan credit conditions and of interest income from debt securities. For the six months ended 30 June 2025, the net interest income of the Group was CZK 12.808 billion (for the six months ended 30 June 2024: CZK 12.434 billion) and for the year ended 31 December 2024 it was CZK 25.278 billion (for the year ended 31 December 2023: CZK 25.595 billion). Credit conditions in the client sector largely depend on factors beyond the Issuer's control, such as the overall economic output and macroeconomic situation in the Czech Republic or regulation conducted by Czech, and/or European policy makers, the CNB and the European Central Bank (the **ECB**). Although the Issuer applies a conservative business model and credit policy, any deterioration of credit conditions in the client sector or part thereof could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Risks relating to the Issuer's business

The Issuer relies on customer deposits, which are mostly short-term or demand deposits, as its primary source of funding

The Issuer relies on customer deposits to meet a substantial portion of its funding requirements. The majority of the Issuer's deposits are retail deposits, a significant proportion of which are demand deposits. As of 30 June 2025, the Group's customer deposits[3] comprised 69.5% of its total liabilities and equity (as of 31 December 2024: 67% and as of 31 December 2023: 66%) with the majority of these deposits being demand deposits that may be withdrawn at any time without penalty. Such deposits are subject to fluctuation due to factors outside of the Issuer's control, and the Issuer can provide no assurance that it will not experience a significant outflow of deposits within a short period of time as a reaction to factors outside its control, which may result in liquidity gaps that the Issuer may not be able to cover. A substantial decrease in deposits could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Czech banking sector experienced such an occurrence when, following the Invasion of Ukraine, the CNB announced on 28 February 2022 that it had launched steps towards the revocation of the banking licence of Sberbank CZ, a.s., an indirect subsidiary of the Russian majority state-owned Sberbank, following a run on the bank.

Additionally, if depositors in other financial institutions in the Czech Republic or other countries were to withdraw significant amounts of savings generally, resulting in a failure of that institution, this could have a

[3] Excluding volatile repo operations with clients.

spillover effect and lead to a systemic bank run by depositors and investors in the Czech Republic on other financial institutions in the Czech Republic, including the Issuer. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer is exposed to liquidity risks

The Issuer's business is subject to liquidity risks that could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil its commitments to lend. The liquidity risk encompasses both the risk with respect to the ability to finance the Issuer's assets by instruments with an appropriate repayment date, as well as its ability to monetize its assets via repurchase operations or sales for an acceptable price within an acceptable time horizon.

The Issuer manages its liquidity risk by alignment of cash flow profiles of assets and liabilities and by keeping a liquidity buffer dedicated for absorption of deposit volumes volatility. The Group's LCR reached 145% as of 30 June 2025 (154% as of 30 June 2024 and 166% as of 31 December 2024) and thus stands significantly above the regulatory minimum of 100%.

In order to ensure that the Issuer continues to meet its funding obligations and to maintain or grow its business generally, it relies on diversified sources of funding, including customer savings, term deposits, outstanding securities, accepted loans, as well as shareholder equity.

The ability of the Issuer to access retail and wholesale funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions, especially continued volatility in the international financial markets, and confidence in the Czech banking system.

Large sovereign debts and fiscal deficits in certain European countries have raised concerns regarding the financial condition of European financial institutions and their exposure to such countries. Generally, concerns about a potential default by one financial institution can lead to significant liquidity problems, losses for, or defaults by, other financial institutions. Defaults by large financial institutions, such as credit institutions or insurance undertakings, could adversely affect the financial markets. The financial soundness of many financial institutions may be closely interrelated as a result of credit-granting, trading, clearing or other relationships between the particular institutions. As a result, concerns about, or a default by, one or more large financial institutions could lead to significant marketwide liquidity problems resulting in losses or defaults by other financial institutions and also to a need for the Issuer to raise additional capital while at the same time making it more difficult to do so.

If concerns over sovereign and financial institutions' solvency continue, or if the conditions further deteriorate, there is a danger that interbank funding may become generally unavailable or available only at elevated interest rates, which might impact the Issuer's access to, and cost of, funding. Should the Issuer be unable to continue to source a sustainable funding profile, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer is exposed to volatility in interest rates and interest spread risks

Like most commercial banks, the Issuer earns interest from loans and other assets and pays interest to its depositors and lenders. Banks, including the Issuer, usually make loans at interest rates that are different from the interest rates paid on deposits and borrowed funds. If the Issuer's interest spread (the difference between the rate of interest that the Issuer pays on funds from depositors and lenders and the rate of interest that it charges on loans it grants to its customers) decreases, then its net interest income will also decrease unless it is able to compensate by increasing the total amount of funds it lends to customers. A decrease in rates charged to customers will often have a negative effect on the interest spread, particularly when interest rates on deposit accounts are already very low, because the bank has little ability to make a corresponding reduction in the interest it pays to depositors and lenders.

Furthermore, an increase in rates charged to customers can also negatively impact interest income if it reduces the amount of customer borrowings. A decrease in the general level of interest rates may affect the Issuer through, among other things, increased prepayments on its loan portfolio and increased competition for deposits. Interest rates are sensitive to many factors beyond the Issuer's control, including monetary policies implemented by the

ECB and the CNB, as well as domestic and international economic and political conditions. Central banks' interest rate cuts could also lead to a further compression of interest spreads. Overall, large decreases in interest rates can be expected to have an adverse effect on the Issuer's net interest income and continued low interest rates will make it more difficult to achieve growth. On the other hand, higher interest rates could lead to some borrowers becoming unable to service their debts, resulting in a higher proportion of non-performing loans. The CNB Bank Board at its most recent monetary policy meeting held on 7 May 2025, lowered the two-week repo rate by 0.25 percentage point to 3.50%. At the same time, it lowered the discount rate by the same amount to 2.50% and the Lombard rate to 4.50%. The new interest rate levels came into effect on 9 May 2025. However, there is still a risk that interest rates will increase if the inflationary pressures arise.

The Group has divided its business activities according to their nature into the banking book and market book. Transactions executed with clients through the branch network typically fall within the banking book while operations on the interbank market belong in the market book. Interest rate risk is measured and managed separately for the banking and market books. Market activities are concentrated in the Issuer and are continuously monitored and managed under the supervision of its risk departments. With regard to interest rate risk in the banking book, the Issuer and Modrá pyramida stavební spořitelna, a.s. (**Modrá pyramida**) are the most significant members of the Group. The Group manages its banking book interest rate risk using such standard methods as gap analysis and interest rate sensitivity analysis. While there is no guarantee that it will always be achieved, the aim of the Group is to minimise banking book risk and not to speculate on interest rate changes. To this end, the Group has established prudent limits. While these limits were not exceeded in 2024, there is no guarantee they will not be exceeded in the future. In the case such prudent limits are breached, the source of the excess position has to be identified and a mitigation plan has to be proposed and implemented in order to rectify the breach.

The other entities in the Group typically transfer their risks onto the Issuer's books where these are hedged centrally. For these purposes, the Issuer uses such standard market instruments for hedging against interest rate risk as interest rate swaps and forward rate agreements, as well as investing into securities. The above hedging instruments are focused on the stabilisation of the net present value of the Group so that the value for the shareholders is protected. In order to identify and measure the risk, the Group applies models of the on- and off-balance sheet items of ambiguous parameters. Additionally, there is no certainty that the future derivative market liquidity will be sufficient to provide for all the maturities and volumes of trades necessary to hedge the risks.

Remunerated deposits usually have shorter maturities than loans and, therefore, can adjust to changing interest rates faster than loans. Accordingly, interest rates paid by banks, including the Issuer, on shorter-term deposits tend to increase faster than the rates banks can earn from their loans. As a result of this mismatch between loans and deposits, a decrease in or instability of the interest rates charged on loans may have an adverse effect on the Issuer's net interest income. In addition, for competitive reasons, the Issuer may also choose to raise the rates of interest it pays on deposits without being able to make a corresponding increase in the interest rates it charges to its customers or re-price the securities portfolio at the same time. If the Issuer is unable for any reason to re-price or adjust the rates on its interest-earning assets in response to changes in rates on its interest-bearing liabilities in an expedited or an effective manner as a result of economic or other reasons, the Issuer's interest income margins would be adversely affected, which could have a material adverse effect on its business, results of operations and financial condition.

The Issuer is exposed to cyber risk and other unauthorised access of its internal and customer data

The scale of the Issuer's business and nature of its operations requires the Issuer to receive, process and store significant volumes of confidential information about its customers, employees and counterparties, all of which needs to be safeguarded against loss, damage, mismanagement or unauthorised disclosure. Despite the Issuer's security measures and data protection mechanisms, its information technology and infrastructure may be vulnerable to cyber-attacks by hackers or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise the Issuer's networks and the information stored there could be accessed, modified, publicly disclosed, lost or stolen. Any such access, modification, disclosure or other loss of information could damage the Issuer's reputation and result in regulatory sanctions and other liability for breach of data protection laws. Such breach may, among other things, result in significant fines under applicable data protection laws. Cyber-attacks could also result in the loss of internal communication or communication with the Issuer's customers, which may result in reduced productivity and a loss of revenues. In addition, it could cause the Issuer's service to be perceived as not being safe, thereby harming the Issuer's reputation and deterring current and potential customers from using the Issuer's services. Cyber-attacks may also prevent the Issuer from discharging its contractual or regulatory obligations. The materialisation of any of these risks could have a material adverse effect on the Issuer's business, results of operations and financial condition.

A change in the ECB or the CNB collateral standards could have an adverse effect on the funding of the Issuer and its access to liquidity

The ECB and the CNB currently accept certain debt instruments, such as sovereign bonds or debt instruments issued by central banks, as collateral for repo operations. If the ECB or the CNB were to impose more stringent requirements or conditions on the determination of eligible collateral or if they were to increase the rating requirements for securities posted as collateral, it could materially increase the Issuer's funding costs and limit the Issuer's access to liquidity, especially if deposits or other sources of liquidity are inadequate in the short term. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The value of collateral securing the Issuer's loans and advances may not be sufficient to recover the full amount of any such loans and advances in the event of a default

Deterioration in economic conditions in the Czech Republic or a decline in certain markets (either related to the Invasion of Ukraine or not) may reduce the value of collateral securing the Issuer's loans and advances, increasing the risk that the Issuer would not be able to recover the full amount of any such loans and advances in the event of a default.

According to the Czech Banking Association (**CBA**), Czech housing transactions dropped by 50% in 2022 to a 10-year low, as high inflation, high interest rates, higher energy prices and the war in Ukraine deterred buyers. Mortgage volumes for the full year 2022, excluding refinancing, dropped by 57%, according to the CBA, as official interest rates soared to 7% in 2022 from 0.25% in 2021. New mortgage volumes for the full year 2023 dropped by 24%. From a year-on-year perspective, the volume of mortgages thus increased by 93% in December 2023, compared to December 2022, however, the volume of mortgages remains more than 50% lower than in December 2020, according to the CBA. Despite the ongoing challenges such as inflation, or Invasion of Ukraine, the housing market in the Czech Republic has shown signs of improvement in 2023 and 2024. The volume of new mortgages in December 2024 increased by 21% compared to December 2023, indicating a revival in mortgage demand.

Since August 2021, the CNB Act enables the CNB to set binding upper limits on the loan-to-value ratio (**LTV**), debt-to-income ratio (**DTI**) and debt service-to-income ratio (**DSTI**) for all providers of consumer credit secured by residential property in connection with the identification of the systemic risks relating to those loans. However, the CNB Bank Board deactivated the upper limit on the DSTI with effect from 1 July 2023[4] as well as deactivated the upper limits on the DTI with effect from 1 January 2024.[5] CNB maintained this approach consistently throughout 2024 and into 2025, without implementing any changes.[6] This decision was based on an assessment of the financial cycle and the vulnerability of the banking sector and other factors affecting the sector's resilience.

Since economic conditions in the Czech Republic have been deteriorating due to the negative impact of the Invasion of Ukraine, rising energy prices and spiking inflation levels, further declines in the value of collateral securing real property loans, including mortgage loans, could occur and may result in the Issuer's loan portfolio impairment losses increasing materially.

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

Defaults by counterparties may lead to losses that exceed the Issuer's provisions and the maximum probable losses predicted by the Issuer's risk management processes and procedures

The Issuer is exposed to the risk that borrowers or other counterparties will not be able to meet their obligations owed to the Issuer. Counterparties include, among others, brokers and dealers, commercial banks, investment banks, and other institutional as well as retail customers. Exposures can arise through trading, lending, deposit-taking, clearance and settlement and other financing activities and relationships. The Issuer may incur losses if

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[5] Source: CNB press release dated 29 November 2023 available at: https://www.cnb.cz/en/cnb-news/press-releases/CNB-retains-binding-LTV-limit-for-mortgage-loans-deactivates-binding-DTI-limit-and-leaves-countercyclical-capital-buffer-rate-at-2/

[6] Source: CNB press release dated 27 November 2024 available at: https://www.cnb.cz/en/cnb-news/press-releases/CNB-keeps-mortgage-lending-rules-and-countercyclical-capital-buffer-rate-unchanged/.

its counterparties default on their obligations. If losses arising from counterparty defaults significantly exceed the amounts of the Issuer's provisions or require an increase of such provisions, this could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base or prospects. This risk may be exacerbated if the collateral held by the Issuer cannot be realised or can only be liquidated at prices below the level necessary to recover the full amount of the loan, derivative or other contractual exposures.

The Issuer continues to maintain a sound loan portfolio. As of 30 June 2025, the Group's (net) volume of loans and advances to customers stood at CZK 861.2 billion an increase by 3.5% year on year from CZK 831.9 billion as of 30 June 2024 (as of 31 December 2024: CZK 853 billion, an increase by 2.3% year on year from CZK 833.5 billion as of 31 December 2023). A 98% share in the gross amount of client loans was classified in Stage 1 or Stage 2, while 2% of the loans were classified in Stage 3. Loans are initially considered to be in Stage 1, unless they are purchased or unless the debtor's credit is impaired. This stage remains unchanged for loans for which the credit risk has not increased significantly since initial recognition or that have low credit risk at the reporting date. Loans with a significant increase in credit risk since initial recognition but in respect of which no objective evidence of impairment exists are considered to be in Stage 2. Non-performing loans, i.e. loans for which there is objective evidence of impairment at the reporting date, are considered to be in Stage 3.

As of 30 June 2025, the Group's loss allowances for loans and advances to customers stood at CZK 12.0 billion (as of 30 June 2024, the volume came to CZK 12.0 billion, as of 31 December 2024, the volume came to CZK 12.3 billion and as of 31 December 2023, the volume came to CZK 12.1 billion). However, changes in economic conditions caused by the Invasion of Ukraine may increase the number of the Issuer's defaulting clients which may then adversely affect the structure of the Issuer's loan portfolio. Moreover, the future development of these figures cannot be predicted with certainty.

Concerns about potential defaults by one financial institution can lead to significant liquidity problems, losses for, or defaults by, other financial institutions. The commercial and financial stability of many financial institutions is interrelated due to credit, trading and other relationships, and consequently even a perceived lack of creditworthiness of one financial institution may lead to marketwide liquidity problems. This could lead to a situation in which the Issuer may have to raise additional capital, while at the same time access to capital may be more difficult. If the levels of the counterparty risk return it could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer faces the possibility of losses from operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal and reputational risk, but excludes strategic and business risk. Legal risk includes, among others, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

The Issuer's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies. Operational losses, including monetary damages, costs, and direct and indirect financial losses or write-downs, may result from inadequacies or failures in internal processes, systems, e.g., information and communication technology (**ICT**) systems, licences from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including, among others, to anti-money laundering, data recording, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of the Issuer's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise.

There can be no assurances that risk controls and other actions implemented by the Issuer to mitigate exposures or losses will be effective in controlling each of the operational risks faced by the Issuer, or that the Issuer's reputation will not be damaged by the occurrence of any operational risks.

As a part of its banking activities, the Issuer provides its customers with investment advice, access to internally as well as externally managed funds and serves as custodian of third party funds. In the event of losses incurred by its customers due to investment advice from the Issuer, or the misconduct or fraudulent actions of external fund managers, the Issuer's customers may seek compensation from the Issuer. Such compensation might be sought even if the Issuer has no direct exposure to such risks, or has not recommended such counterparties to its

customers. Any claims in this respect could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base or prospects.

The Issuer faces significant ICT risks inherent in the banking business

The Issuer is dependent on ICT systems. The ICT systems are vulnerable to a number of problems, such as software and hardware malfunctions, malicious hacking, physical damage to vital ICT centres and computer virus infection. If the ICT systems fail, even for a short period of time, the Issuer may be unable to service some or all of its customers' needs on a timely basis and could thus lose business and potential income. Likewise, a temporary shut-down of the ICT systems could result in higher internal costs associated with the recovery of the systems. ICT systems require regular upgrading to meet the needs of changing business and regulatory requirements, to remove vulnerabilities and software errors and to keep pace with the growth of banks' and financial institutions' existing operations and possible expansion into new business lines and markets. The Issuer and its service providers may not be able to implement necessary upgrades on a timely basis, and upgrades may fail to function as planned.

The unification and implementation of new ICT systems may have a material adverse effect on the Issuer's operational risk profile. In addition to costs incurred as a result of any failure or interruption of its ICT systems, the Issuer could face fines from the CNB if its ICT systems fail to enable it to comply with the applicable banking or other regulations. There can be no assurances that the procedures and controls put in place by the Issuer will be effective in preventing or managing all risks relating to the ICT systems of the Issuer. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

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

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

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

Any material deficiency in the Issuer's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk and material unanticipated losses, which may in turn have a material adverse effect on the Issuer's business, results of operations and financial condition.

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

The Issuer's key personnel, including the members of the Board of Directors of the Issuer and other members of the Issuer's senior management, have been instrumental in establishing and implementing the Issuer's key strategies. Their continued service at the Issuer is critical to the overall management of the Issuer and its ability to implement its strategies. The loss of their services, or the inability to attract and retain other suitably qualified senior management personnel, could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer may have difficulty recruiting or retaining qualified employees

The continued growth of the Issuer's existing operations and its ability to successfully expand its business depends on its ability to retain existing employees and to identify, recruit and retain additional individuals who are not only familiar with the local language, customs and market conditions, but also have the necessary qualifications and level of experience in banking and related businesses. In the Czech Republic, where the Issuer

operates, the pool of individuals with the required set of skills is smaller than in most Western European countries. Increasing competition for labour in the Czech Republic from other financial institutions may also make it more difficult for the Issuer to attract and retain qualified employees and could lead to increases in labour costs. If the Issuer is unable to attract and retain new talent or if competition for qualified employees increases its labour costs, this could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer may have difficulty detecting or deterring employee misconduct

The Issuer faces the risk of further loss due to its employees' lack of knowledge, employee error, including administrative or record keeping errors, wilful or negligent violation of laws, rules, regulations and internal policies and procedures or other misconduct. Misconduct by employees occurs in the financial services industry and could involve, among other things, improper use or disclosure of confidential information, violation of laws and regulations concerning financial abuse, including insider trading, money laundering, embezzlement and fraud, any of which could result in regulatory sanctions and fines as well as serious reputational and financial harm. Misconduct by employees, including violation of the internal risk management or other policies and procedures of the Issuer, could also include binding the Issuer to transactions that exceed authorised limits or present unacceptable risks, or hiding unauthorised or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks and losses. It is not always possible to deter employee misconduct and the precautions the Issuer takes to detect such activity may not be effective. Given the Issuer's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, a number of banking transactions are not fully automated, which may further increase the risk that human error or employee tampering will result in losses that may be difficult to detect quickly or at all. The direct and indirect costs of employee misconduct and reputational harm could be substantial. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer is exposed to foreign exchange and currency risks

The maximum open foreign exchange position of the Group (mostly concentrated in the Issuer) was less than 0.2 % of the Group's capital during the 2024, and was, as a result, essentially negligible. The main foreign currencies, in which assets and liabilities of the Issuer were denominated, were EUR and USD. The Issuer translates such assets and liabilities, as well as interest earned or paid on such assets and liabilities, and gains and/or losses realised upon the sale of such assets, to Czech Koruna in preparing its financial statements. The overall effect of exchange rate movements on the Issuer's results of operations depends on the rate of depreciation or appreciation of the Czech Koruna against its principal trading and financing currencies (EUR and USD).

While the maximum open foreign exchange position of the Group has been small in 2024, this is merely the result of the Group putting in place sufficient hedging arrangements. The Issuer cannot guarantee that it will succeed in maintaining sufficient hedging arrangements going forward. As such, it remains exposed to the inherent foreign exchange risks stemming from future client transactional activities in foreign currencies, mainly EUR and USD.

The Issuer is subject to risks in its trading activities

The Issuer trades various securities and derivatives, including debt, equity and commodities, both as agent and principal, and it derives a portion of its non-interest income from profits earned in such trades. As of 31 December 2024, the consolidated net profit on financial operations of the Group was CZK 3.831 billion.

The Issuer may be exposed to a number of risks related to changes in the value of such financial instruments, including the risk of unfavourable market price movements relative to its investment positions, a decline in the market liquidity of the related instruments, volatility in market prices, interest rates or foreign currency exchange rates relating to these positions and the risk that the instruments with which the Issuer chooses to hedge certain positions do not track the market value of those positions. If the Issuer incurs any losses from these exposures, this could reduce the Issuer's income or cause the Issuer to suffer losses, either of which could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base and prospects.

Risks Relating to Group Interdependence and Reputational Risk Affecting the Issuer, the Group, and the SG Group

The Issuer's business is interwoven on many levels with that of the group comprised of Société Générale S.A. (**SG**) and its direct and indirect subsidiaries including the Issuer (the **SG Group**). This interdependence is established, among others, through numerous refinancing arrangements, competence centres for individual business segments to which the Issuer has access, cross-holdings, the implementation of groupwide IT systems, mutually shared products and standards, as well as funding measures regarding the capital of the Issuer. As a result, the Issuer is exposed to risks arising from the economic and financial condition of the SG Group, particularly its parent company SG and any of its direct or indirect subsidiaries. Economic problems within the SG Group could result in a reduction of capital and liquidity support for the Issuer. Furthermore, a downgrade of SG's credit ratings could negatively affect investors' perception of the Issuer, and any deterioration in the financial performance of SG or its subsidiaries could adversely impact the Issuer's own business.

In addition to these financial and operational interdependencies, reputational risk is inherent to the Issuer's business activity and is closely linked to the reputation of the Group and the SG Group. The ability of the Issuer to retain existing customers and attract new customers depends in part on the brand recognition and reputation for quality of service of the Issuer, the Group, and the SG Group. Negative public opinion towards the Issuer, the Group, the SG Group, or the financial services sector as a whole could arise from real or perceived practices in the sector, such as negligence in the provision of financial products or services, or from the way the Issuer conducts, or is perceived to conduct, its business operations. Since the Issuer's reputation is strongly connected to that of the Group and the SG Group, any negative perceptions or reputational issues affecting the Group or SG Group could have an adverse effect on the Issuer's reputation. Such developments could impair the Issuer's ability to maintain and attract customers, and, together with the financial and operational risks arising from group interdependence, could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer is dependent on its banking and other licences

The banking and other operations performed by the Issuer require it to obtain licences from the CNB and other Czech authorities. A large majority of the Issuer's business depends on its banking licence issued by the CNB. If the Issuer loses its general banking licence, it will be unable to perform any banking operations in the Czech Republic. Although the Issuer believes that it has the necessary licences for its banking and other operations and that it is currently in compliance with its existing material licence and reporting obligations, there is no assurance that it will be able to maintain the necessary licences in the future. The loss of a licence, a breach of the terms of any licence or failure to obtain or renew any required licences in the future could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Risks relating to the Regulatory Environment

Changes and developments in laws or regulations in the Czech Republic and the EU, including legislation relating to the financial and banking sectors, may have a material adverse impact on the Issuer

The Issuer is subject to a number of laws and regulations in a number of jurisdictions where it conducts its operations, particularly the Czech Republic. Such laws and regulations include, among other things, banking regulation designed to maintain the safety and financial soundness of banks and limit their exposure to risk, regulations relating to financial services, securities products and other businesses, tax, accounting and financial reporting regulation, anti-money laundering, consumer credit, capital requirements or corporate requirements regulation.

As a result of new and more demanding regulatory requirements and other changes in legislation, the Issuer may need to increase its capital or debts eligible to meet the minimum capital requirement and eligible liabilities, increase retained earnings or reduce risk-weighted assets, for example through their sales, or stop participating in certain activities. These facts could lead to a reduction in the Issuer's ability or complete inability to meet its debts.

On 14 September 2022, the European Commission introduced a proposal for a Council Regulation (EU) 2022/1854 on an emergency intervention to address high prices (the **Emergency Intervention Regulation**) which, among others, establishes a solidarity contribution of electricity generating companies and fossil fuel sector due to the current market situation and their profits. Following the adoption of the Emergency Intervention

Regulation, on 6 October 2022, the Czech Ministry of Finance introduced a windfall tax proposal, which was approved by the Parliament of the Czech Republic, signed by the President and published in the Collection of Laws during November 2022 and fully entered into force on 1 January 2023 (the **Windfall Tax Amendment**).

The windfall tax introduced by the Windfall Tax Amendment applies to energy sector companies and banks with net interest income exceeding CZK 6 billion in the previous year, which is the threshold generally separating large and medium banks and small banks, as defined by the CNB. The tax rate is 60% and applies to the concerned companies as a tax surcharge on top of the 21% corporate income tax on their excessive profits. The additional 60% tax rate is applied against positive difference between tax base in the current year and the arithmetic average of its historical tax bases for the four preceding tax years before 2022 (i.e. 2018-2021) increased by 20%. The Windfall Tax Amendment assumes time limited effect for years 2023 to 2025. Within the Group, it applies to the Issuer only. Given the income tax base of the Issuer in 2018, 2019, 2020, and 2021, the windfall tax base comes to CZK 15.8 billion. According to the presented projections for the financial results of the Issuer, the impact of the tax in 2025, if any, should be limited.

On 10 October 2024, the CNB Bank Board decided to increase the minimum reserve requirement from 2% to 4% with effect from 2 January 2025. This step will likely be reflected by a lower net interest income of the Issuer in 2025. Additionally, as of the date of this Base Prospectus, the following regulatory developments are most likely to impact the Issuer in the short-to-medium-term future:

- The Issuer has been and, in the future, will be subject to stress testing exercises initiated and/or conducted by the European Banking Authority (the **EBA**), the ECB and/or any other competent authority. The Issuer's results of operations may be adversely affected if the Issuer or any of the financial institutions with which the Issuer does business receive negative results on such stress tests. In 2024, the ECB conducted its first ever cyber resilience stress test to assess how banks respond to and recover from cyberattacks. The outcome of any such stress tests will be taken into account for supervisory decisions such as the Supervisory Review and Evaluation Process (the **SREP**). Further, the Banking Package (as defined below) contains provisions whereby environmental, social and governance risks will also be taken into consideration for the purpose of SREP. Given that the Issuer will be included in future stress tests carried out by EBA and other institutions, this may result in a requirement to increase its own funds and/or other supervisory interventions if the Issuer's capital was to fall below the predefined threshold at the end of the stress test period and/or other deficiencies are identified in connection with a stress test exercise.

- The CRR, BRRD and CRD (as these terms are defined below) as well as the Regulation (EU) No. 806/2014 of 15 July 2014, as amended from time to time, in particular by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (the **SRM Regulation**) set out certain minimum capital (in terms of quantity and quality) and other regulatory requirements applicable to credit institutions such as the Issuer. This regulatory framework (and the related Czech implementation laws) is subject to permanent developments and changes.

- Since 28 December 2020 amendments to the previously existing rules for setting the amount to be complied with for purposes of fulfilling the minimum requirements for own funds and eligible liabilities of the Issuer pursuant to the Czech Resolution and Recovery Act (**MREL**) have started to apply. In this context, it should be noted that the SRM Regulation and the BRRD continue to be subject to discussion and change, such as in the context of the proposal to further adjust the existing EU bank crisis management and deposit insurance (**CMDI**) framework published by the European Commission in April 2023 and expected to apply from late 2026 onwards at the earliest.

- The legislative package amending the EU Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investments firms (**CRD IV**) and Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (**CRR**) (the **Banking Package**). was finally voted on by the plenary of the European Parliament on 24 April 2024 and aplies from 1 January 2025 (with respect to the changes to the CRR). In this context, it should be noted that the Banking Package introduces, inter alia, a minimum limit on capital requirements that banks calculate when using internal models (so-called output floor), which will be phased in gradually until 2030. Such changes as well as any further specifications made by the European Commission, EBA and/or the relevant Member States may result in increased uncertainty,

increased capital requirements, increased costs of funding for the Issuer and, by requiring the Issuer to monitor ongoing developments, in increased costs of compliance.

The above and any further regulatory changes may result in additional material costs for the Issuer and significantly impact its capital resources and requirements. As such, they may adversely affect the Issuer by, among other things, restricting the type or volume of transactions the Issuer may enter into, set limits on, or require the modification of, rates or fees that the Issuer charges on loans or other financial products. The Issuer may also face increased compliance costs and material limitations on its ability to pursue business opportunities. All these factors may have a material adverse effect on the Issuer's and Group's business, results of operations and financial condition.

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

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) is designed to provide authorities with a set of tools to intervene sufficiently early and quickly in an unsound or relevant entity. This is so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

The powers set out in the BRRD, as amended by BRRD II (as defined below) impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The BRRD was implemented in Czech law by the Czech Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market, as amended (the **Czech Resolution and Recovery Act**), which came into effect from 1 January 2016 and provides for a framework for the recovery and resolution of Czech banks and investment firms.

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

The exercise of any power under the Czech Resolution and Recovery Act or any suggestion of such exercise could, therefore, materially adversely affect the Issuer's business, results of operations and financial condition and/or the rights of the Mortgage Covered Bondholders, the price or value of their investment in any Mortgage Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Mortgage Covered Bonds. For a detailed description of the powers available under the BRRD, as implemented in the Czech Resolution and Recovery Act, see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 10. Czech Resolution and Recovery Act*.

The Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Mortgage Covered Bonds for certain investors and the Issuer may incur substantial costs in monitoring and complying with new capital adequacy requirements

The Issuer is subject to the Basel III framework introduced by the Basel Committee on Banking Supervision (the **Basel Committee**) which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and minimum leverage ratios for financial institutions. In particular, the changes include among others, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio, as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio (the **LCR**) and the Net Stable Funding Ratio (the **NSFR**)). Basel III has been implemented in CRD IV and CRR.

In December 2017, the Basel Committee published its final revised standards for calculating the risk exposure amount, also known as Basel IV (**Basel IV**) Basel IV reform was reflected in the Banking Package.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Mortgage Covered Bonds and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III as well as the Basel IV changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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

On 31 May 2024, CRR II and CRD V were amended by Regulation (EU) 2024/1623 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (**CRR III**) and Directive (EU) 2024/1619 as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (**CRD VI**). CRD VI and CRR III build on the principles established by CRD IV and CRR and incorporate final elements of the Basel III reforms. It aims to enhance supervisory frameworks, ensure consistent oversight of third-country bank branches operating within the EU, and integrate measures addressing Environmental, Social, and Governance (ESG) risks into banks' regulatory practices. CRD VI also introduces restrictions on cross-border banking services by non-EU institutions, with stricter requirements for authorization and compliance, set to take effect in November 2026.

There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Issuer may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The new capital adequacy requirements may also impact existing business models. In addition, there can be no assurances that breaches of legislation or regulations by the Issuer will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

Legal and Regulatory Claims, Including Compliance with Anti-Money Laundering, Anti-Corruption and Anti-Terrorism Financing Rules, Could Have an Adverse Impact on the Issuer's Business

In the ordinary course of its business, the Issuer and some other members of the Group are subject to regulatory oversight and liability risk. The Issuer carries out operations through a number of legal entities mainly in the Czech Republic, where it is subject to regulation. Laws and regulations applicable to the Issuer are continuously amended and new requirements are imposed on the Issuer and some other members of the Group, including, among others, regulations relating to financial services, securities products and other businesses, and tax, accounting and financial reporting regulations, anti-money laundering, consumer credit, capital requirements or corporate requirements. In particular, the Issuer must comply with national and international rules and regulations regarding money laundering, anti-corruption and the financing of terrorism. In recent years, these rules and regulations have been tightened and may be further tightened and more strictly enforced in the future. Compliance with these rules and regulations puts a significant financial burden on banks and other financial institutions and poses significant technical problems.

Non-compliance with, or any breaches of, such regulation—including anti-money laundering, anti-corruption and anti-terrorism financing rules—expose the Issuer to the risk of various claims, disputes, legal proceedings or governmental investigation. Any violation of these or similar rules, or even the suspicion of such violations, may have severe legal, monetary and reputational consequences, including sanctions imposed by the CNB. Moreover, the Group is involved in a variety of claims, disputes or other legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Issuer's business, financial condition, results of operations, liquidity, capital base, prospects or reputation.

Insolvency and other laws and regulations governing creditors' rights in the Czech Republic may limit the Issuer's ability to obtain payments on defaulted credits

Insolvency proceedings in the Czech Republic often take several years and the level of the creditors' recovery is relatively low. Therefore, the Issuer cannot ensure that its rights as a creditor in insolvency proceedings will be adequate to enable the Issuer to successfully collect amounts owed by debtors. Moreover, the Issuer's litigation costs stemming from insolvency proceedings of its borrowers or counterparties may increase substantially as a result of any newly adopted and untested procedures and potential changes in the regulation.

The process of collateral enforcement in the Czech Republic is rather costly and often takes several years. As a result, the Issuer may be unable to enforce in a timely manner, for reasonable costs or at all, collateral securing loans and other credit extended by the Issuer, including mortgage loans. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Non-compliance with the General Data Protection Regulation (GDPR), or stricter interpretation of the existing requirements or future modifications of the data protection laws, could have a negative impact on the Issuer's business

With effect as of 25 May 2018 the Issuer's operations and services need to comply with Regulation (EU) 2016/679, General Data Protection Regulation (the **GDPR**) which generally imposes uniform rules on all market participants operating within the EU and strict sector specific rules under the e-Privacy Directive (Directive 2002/58/EC). GDPR implements a stricter data protection compliance regime and substantially increases fines for a breach of data protection regulation. Under GDPR, data protection agencies have the right to audit the Issuer and impose orders and fines, up to EUR 20 million, or up to 4% of the worldwide annual revenue for the previous financial year, if they find that the Issuer has not complied with applicable laws and adequately protected customer data. As of the date of this Base Prospectus, there are few official guidelines available that would indicate how data protection agencies will evaluate and investigate non-compliance issues and a degree of uncertainty therefore remains in this regard. As such, there can be no assurance that the Issuer is fully compliant with GDPR in all aspects of its operations. Any difference in interpretation of the GDPR by the data protection agencies resulting in the Issuer's non-compliance with GDPR or any other applicable data protection laws, or any limitations imposed by stricter interpretation of the existing requirements or by future modifications of the data protection laws, could have a significant impact on the Issuer's business operations and its ability to market products and services to existing or potential customers. As such, the materialisation of any of the above could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Risks relating to the International Covered Block

Risks associated with over-indebted International Covered Block and the principle of dual recourse

In the case of the Issuer's insolvency, Czech law allows Mortgage Covered Bondholders to benefit from dual recourse against the (i) International Cover Pool, which covers the obligations of the Issuer arising from the Mortgage Covered Bonds issued under this Programme, and (ii) insolvency estate of the Issuer. Where, after the commencement of insolvency proceedings, the aggregate value of the Cover Assets in the International Cover Pool is lower than the total nominal value of the debts for which the International Cover Pool serves (i.e. the covered block which is formed by the International Cover Pool and the debts the International Cover Pool covers (the **International Covered Block**) is over-indebted), the Covered Block Administrator shall quantify the claims of the Mortgage Covered Bondholders to the extent in which they are not covered by the International Cover Pool and, without undue delay, shall send such quantification to the insolvency court within the period stipulated by the applicable law (typically two months). Upon delivery of the quantification, the respective claims contained therein are deemed to be registered within the insolvency proceedings (in order to seek satisfaction from the insolvency estate of the Issuer). The Mortgage Covered Bondholders may also register these claims themselves.

However, if the Covered Block Administrator fails to quantify the relevant claims of the Mortgage Covered Bondholders within the above-mentioned period for registration of claims with the insolvency court and the Mortgage Covered Bondholders do not make the respective registration themselves within one year after the lapse of the period for registration of claims, the Mortgage Covered Bondholders will no longer be able to register such claims with the insolvency court.

The over-indebted International Covered Block can also be subject to the proportional (pari passu) decrease of all debts from the Mortgage Covered Bonds for whose cover the International Cover Pool serves (the **Pari Passu**

Haircut) (see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 11. Insolvency of the Issuer and the Cover Pool* below). The Pari Passu Haircut will not result in a permanent reduction of the nominal values of all such debts, but the amounts exceeding the Pari Passu Haircut shall not be covered by the International Cover Pool. While the Mortgage Covered Bondholders will be able to register their claims in the amount exceeding the Pari Passu Haircut within the respective insolvency proceedings, such claims will be satisfied on a pari passu basis with all the unsecured and unsubordinated obligations of the Issuer.

If any of these risks materialise, the Mortgage Covered Bondholders might lose a part of their investment.

Although the Issuer complies with the Statutory Tests and the Contractual Asset Cover Test in respect of the International Cover Pool, the Mortgaged Property Value might reduce over time causing the value of the Mortgage Loans to become insufficient to meet the relevant Contractual Asset Cover Test and Statutory Tests and insufficient to provide cover for the issued and outstanding Mortgage Covered Bonds

The International Cover Pool consists of: (i) Cover Assets which include the Mortgage Loans secured by way of a legally perfected first ranking mortgage in favour of the Issuer over the Mortgaged Property (each as defined below in *General Description of Czech Legislation relating to Mortgage Covered Bonds*); and (ii) Accessory Assets (as defined below in General *Description of Czech Legislation relating to Mortgage Covered Bonds*).

Cover Assets must comply with the applicable requirements or criteria set out in the Czech Bonds Act. In particular, the nominal value of each Czech Bonds Act Mortgage Loan in the International Cover Pool may not exceed 100% of the value of the Mortgaged Property (as defined in *General Description of Czech Legislation relating to Mortgage Covered Bonds – 3. Cover Assets, Liquidity Buffer and Statutory Cover Tests*). In addition, the Issuer covenants, pursuant to the Terms and Conditions, to ensure compliance with the Contractual Eligibility Criteria and the Contractual Asset Cover Test. If the Mortgage Covered Bonds are issued as "CRR Compliant" Mortgage Covered Bonds, the Cover Assets covering them will also need to comply with the conditions set out in the CRR. If the Issuer fails to comply with the applicable requirements or criteria set out in the Czech Bonds Act or the CRR, such non-compliance constitutes an administrative delict under the Czech Bonds Act, subject to a fine of up to CZK 20 million.

As of the date of this Base Prospectus, all the Mortgaged Property is located in the Czech Republic. The Mortgaged Property Value as well as the value of the Mortgage Loans included in the International Cover Pool may reduce over time (including, in particular, in the event of a general downturn in the value of properties located in the Czech Republic) causing the value of the Mortgage Loans becoming insufficient to meet the Contractual Asset Cover Test, the Statutory Tests and insufficient to provide cover for the issued and outstanding Mortgage Covered Bonds. Although the Issuer covenants, pursuant to the Terms and Conditions, to ensure compliance with the Contractual Asset Cover Test, a general downturn in the value of properties located in the Czech Republic could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Mortgage Covered Bonds and the value of the International Cover Pool.

Holders of all Mortgage Covered Bonds issued under this Programme share the Issuer's International Cover Pool which may, in some cases, be subject to involuntary administration

The Mortgage Covered Bonds are not guaranteed by any person and constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, which rank *pari passu* among themselves and with other obligations of the Issuer that have been provided the same priority as the Mortgage Covered Bonds.

Pursuant to the Czech Bonds Act, the Issuer may create one Cover Pool (as defined below in *General Description of Czech Legislation relating to Mortgage Covered Bonds*), providing cover for all Czech Mortgage Covered Bonds issued by the Issuer in accordance with the Czech Bonds Act, or several Cover Pools, in which case the Issuer has to specify which Czech Mortgage Covered Bonds (or other Czech covered bonds issued by the Issuer in accordance with the Czech Bonds Act) should be covered by each Cover Pool.

As of the date of this Base Prospectus, the Issuer operates two active Cover Pools (see *The International Cover Pool* below). The first is the International Cover Pool, which covers the Mortgage Covered Bonds issued under this Programme. The second is the Local Cover Pool, which covers the outstanding Czech Mortgage Covered Bonds issued by the Issuer under the Local Covered Bond Programme.

Thus, all the Bondholders of the Mortgage Covered Bonds issued under this Programme have the benefit of the International Cover Pool (i.e. of the same Cover Pool). The Issuer is therefore only limited by the volume of Mortgage Covered Bonds it may issue under this Programme, all of which will be covered by the International Cover Pool.

If the Mortgage Covered Bondholders declared their Mortgage Covered Bonds due and demanded their immediate redemption in accordance with their terms, the proceeds of the International Cover Pool would be distributed among all Mortgage Covered Bondholders, whose Mortgage Covered Bonds were (i) covered by the International Cover pool, and (ii) accelerated or became due and payable. This may result in Mortgage Covered Bondholders receiving less than the total interest and principal they were expecting in respect of the Mortgage Covered Bonds. Although the Issuer will comply with the Statutory Tests and the Contractual Asset Cover Test (each as defined and described in *The International Cover Pool* below), there can be no assurance that the Cover Assets (as defined in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 2. Czech Covered Bond Legislation* below) and the Accessory Assets (as defined below in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* below) which are eligible assets for the purposes of the Czech Bonds Act and which comprise the International Cover Pool will have sufficient value to meet all payments due in respect of the Mortgage Covered Bonds.

The Mortgage Covered Bondholders' position might deteriorate as a result of the transfer of assets included in the International Cover Pool and the transfer of the Issuer's obligations under the Mortgage Covered Bonds

If the Issuer is failing or is likely to fail and it is beyond the reach of less drastic remedial action to prevent such failing than the application of crisis resolution measures (as described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 10. Czech Resolution and Recovery Act* below), the CNB may, pursuant to the Czech Resolution and Recovery Act (which implements the BRRD), adopt a set of crisis prevention measures (in Czech, *opatření k předcházení krizí*) and crisis management measures (including crisis resolution measures and actions and the appointment of a special manager) (in Czech, *opatření k řešení krize*). The crisis resolution measures and tools include, among other things, a transfer of business measure, a transfer to a bridge institution measure and a transfer to an asset management entity measure which can be achieved through various share and property transfers (as also described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 10. Czech Resolution and Recovery Act* below). The approval of the respective Issuer's creditors for such transfers is not required. There is a risk that these transfers may affect the Issuer's assets that are included in the International Cover Pool or the Issuer's obligations under the Mortgage Covered Bonds.

However, the Czech Resolution and Recovery Act provides for various protections from the effect of partial property transfers. Under the Czech Resolution and Recovery Act, a transfer or passage of property, rights and liabilities under legal arrangements or relationships that qualify as "protected rights and liabilities" may not provide for the transfer or passage of some, but not all, of such "protected rights and liabilities" from legal arrangements or relationships. The "protected rights and liabilities" under legal arrangements or relationships under the Czech Resolution and Recovery Act in turn comprise, irrespective of number of parties or their governing law and no matter if the reason for their creation and continuation is contractual or statutory, among other things, covered bonds as well as structured finance arrangements, including securitisations and instruments used for hedging which form an integral part of the International Cover Pool and which are secured in a way similar to the covered bonds.

The Issuer and the International Cover Pool may be exposed to substantial foreign exchange and currency mismatches and risks related to any issuance of Mortgage Covered Bonds under the Programme denominated in foreign currencies (including in EUR or USD), which may be effectively hedged against for the sole benefit of the International Cover Pool and the Mortgage Covered Bondholders under the currently effective Czech law applicable to the Czech Mortgage Covered Bonds only after fulfilling certain requirements in respect of the hedging

The Issuer may enter into hedging arrangements in the form of Derivatives (as defined below) included in the International Covered Block (the **Hedging Arrangements**) in order to hedge foreign exchange, interest rate or other risks related to the Cover Assets and debts covered by the International Cover Pool (or their part), namely the debts under the Mortgage Covered Bonds. For example, foreign exchange risk arises if the Mortgage Covered

Bonds are denominated in EUR due to the fact that the Mortgage Loans included in the International Cover Pool are denominated in CZK.

The Czech Bonds Act allows for a claim or receivable arising under a Hedging Arrangement to be included in the International Cover Pool or a creditor of a claim or receivable arising under a Hedging Arrangement (the **Hedge Counterparty**) to have any direct or indirect claim or receivable or priority right to the International Cover Pool provided that (i) the purpose of the Hedging Arrangement is to hedge against the risks related to Cover Assets included in the International Cover Pool or the Mortgage Covered Bonds; (ii) from the terms under which the Hedging Arrangement was concluded, it is clear that it is concluded in relation to the Mortgage Covered Bonds; (iii) the terms of the Hedging Arrangement provide that insolvency of the Issuer or a crisis resolution or similar measure in respect of the Issuer cannot constitute an event of default or a termination or similar event which could lead to early termination of the Hedging Arrangement; and (iv) the Hedge Counterparty has granted its prior consent to registration of the Hedging Arrangement in the Cover Assets Register (as defined below), while the same also applies to removal of the Hedging Arrangement from the Cover Assets Records (as defined below).

If the requirements set out in the previous paragraph are not met, the Issuer may enter into the Hedging Arrangements only by virtue of on-the-market swap or other derivative transactions that would constitute ordinary and unsegregated on-balance sheet claims or obligations of the Issuer vis-à-vis the Hedge Counterparty without any specific direct or indirect link to the International Cover Pool whatsoever. As a result, any foreign exchange, interest rate or other risks that the International Cover Pool is exposed to in connection with any issuance of Mortgage Covered Bonds under the Programme, most importantly the foreign exchange risk related to Mortgage Covered Bonds denominated in foreign currencies (namely in EUR), may not be effectively hedged against for the sole benefit of the International Cover Pool and the Mortgage Covered Bondholders (and creditors of other debts covered by the International Cover Pool).

The Issuer and the International Cover Pool may be reliant on payments from Hedge Counterparties in certain circumstances

The Issuer may enter into Hedging Arrangements with Hedge Counterparties to hedge against foreign exchange risk, interest rate risk or other risks. If a Hedge Counterparty defaults in its obligation to make payments under a Hedging Arrangement, the Issuer and the International Cover Pool will be exposed to changes in currency exchange rates, interest rates, or other risks (as applicable).

As a result, unless a replacement Hedging Arrangement is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds and the assets included in the International Cover Pool may not be sufficient to satisfy all the claims of the Mortgage Covered Bondholders, especially in case the administration of the International Covered Block is transferred from the Issuer to the Covered Block Administrator.

Risks associated with the Permission for Covered Block

Pursuant to Section 30d of the Czech Bonds Act, the Issuer must, no later than on the date of issuance of Mortgage Covered Bonds and throughout the period of the issuance of the Mortgage Covered Bonds, possess the Permission for Covered Block (as defined below), which is granted (as well as potentially revoked) by the CNB if certain conditions set out in the Czech Bonds Act are met (as described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds - 6. Covered Block and its Management* below).

As of the date of this Base Prospectus, the Issuer has obtained the Permission for Covered Block from the CNB but there is no assurance that the Issuer will be able to maintain the Permission for Covered Block. If the Permission for Covered Block were to be revoked, the Issuer would no longer be able to issue the Mortgage Covered Bonds. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Mortgage Covered Bondholders will receive limited information in respect of the International Cover Pool

Mortgage Covered Bondholders will not receive detailed statistics or information in relation to the Mortgage Loans or other assets contained or to be contained in the International Cover Pool, as it is expected that the constitution of the International Cover Pool will change from time to time due to, for example, the purchase or origination of further Mortgage Loans by the Issuer. The Issuer is, pursuant to Section 32 of the Czech Bonds

Act and the CNB Decree, required to maintain the Covered Block Records and, pursuant to the Decree of the CNB No. 346/2013 Coll. of 16 October 2013 (in Czech, *Vyhláška České národní banky č. 346/2013 Sb. ze dne 16. října 2013*), required to file quarterly reports with the CNB (within 25 calendar days following the end of each calendar quarter) containing summary information about the International Cover Pool and the Issuer's obligations in respect of the Czech Mortgage Covered Bonds, however, neither the Covered Block Records nor the quarterly reports are publicly available. Deloitte Audit s.r.o. has been appointed to act as the Asset Monitor pursuant to the terms of an Asset Monitor Agreement, pursuant to which it will be required to conduct on annual basis certain agreed upon procedures consisting in checks and calculations on the Statutory Tests performed by the Issuer in accordance with the Czech Bonds Act and the CNB Decree (see section *General Description of Czech Legislation relating to Mortgage Covered Bonds* below) and the Terms and Conditions. The Asset Monitor has been performing its role starting from the First Asset Monitor Calculation Date and will be required to perform its role in the scope as per the wording of the Asset Monitor Agreement valid on the date the Asset Monitor is performing its procedures. The Asset Monitor Report will not be publicly available or available to potential investors in the Mortgage Covered Bonds, whereas the Issuer will provide it to any Mortgage Covered Bondholder, upon its written request and pursuant to the Terms and Conditions.

Risks related to the replacement of the Asset Monitor

The role of the asset monitor is highly specialised, its duties are driven by specific requirements that have developed in the market in respect of Czech issuers of mortgage covered bonds over a relatively short period of time, and there is very limited number of entities in the market with sufficient experience in performing the role of the asset monitor. The Asset Monitor Agreement allows for termination of the appointment of the Asset Monitor (i) by the Issuer or the Asset Monitor without cause by a 60 days' prior notice, provided that the appointment shall not terminate until the Asset Monitor is replaced with a new asset monitor, or (ii) by the Asset Monitor by a 30 days' prior notice in case future circumstances not caused by the Asset Monitor cause a professional conflict of interest for the Asset Monitor under the rules of the professional or regulatory bodies regulating the activities of the Asset Monitor, in which case the replacement of the Asset Monitor with a new asset monitor is not required in order for the termination to become effective.

There is no guarantee that if and when the current Asset Monitor terminates the Asset Monitor Agreement or its appointment is otherwise discontinued, or the current Asset Monitor is replaced with a new asset monitor pursuant to the replacement mechanics set out in the Asset Monitor Agreement, the Issuer will be able to appoint a new asset monitor with sufficient knowledge and experience in performing this role in time or at all, or that the new asset monitor will be able to perform the asset monitor duties as set out in the Asset Monitor Agreement as of the date of this Base Prospectus. Materialisation of any such events could have an adverse effect on the performance of the asset monitor duties which, in turn, could adversely affect the position of the Mortgage Covered Bondholders.

The CNB may take action if it determines that there are Shortcomings in the Issuer's activities whilst operating as a bank

If the CNB discovers Shortcomings (i.e., "shortcomings in the activities" of the Issuer as defined and described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 9. Consequences of Certain Issuer's Shortcomings* below), which include, for instance, violation of the general prudential requirements, such as failure by the Issuer to comply with or remedy the breach of the applicable tests set out in the Czech Bonds Act (i.e., the Statutory Tests) (as defined and described in section *The International Cover Pool* below), the CNB may, for as long as the Issuer holds its banking licence and until insolvency proceedings have been opened against the Issuer, impose a Measure (as defined and described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 9. Consequences of Certain Issuer's Shortcomings* below) upon the Issuer. As a result of the imposition of a Measure, the Issuer may be restricted in, or prohibited from, certain trades which would represent a risk for the Issuer, including that the Issuer may not be allowed to issue further Mortgage Covered Bonds or Czech Mortgage Covered Bonds, refinance the existing Mortgage Covered Bonds or any other Czech Mortgage Covered Bonds or make any payments under the Mortgage Covered Bonds or any other Czech Mortgage Covered Bonds to any party or the Issuer may have to cease payments only to those parties who are closely associated with the Issuer or persons who are a part of the same consolidated unit or Connected Persons (as defined and described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 9. Consequences of Certain Issuer's Shortcomings* below) to the Issuer.

Therefore, there can be no assurance, upon the CNB having discovered the Shortcoming, and consequently, having imposed the Measure, that the Issuer will be able to issue further Mortgage Covered Bonds, refinance

existing Mortgage Covered Bonds, make payments under the Mortgage Covered Bonds or comply with any other obligations the Issuer has under the Terms and Conditions. During such period the Mortgage Covered Bondholders might have no access to the International Cover Pool.

In addition, if any of the Mortgage Covered Bondholders are persons who are closely associated with the Issuer or persons who are a part of the same consolidated unit or Connected Persons (as defined and described in section *General Description of Czech Legislation relating to Mortgage Covered Bonds – 9. Consequences of Certain Issuer's Shortcomings* below) to the Issuer, such Mortgage Covered Bondholders are unlikely to receive payments under the Mortgage Covered Bonds and will not have immediate recourse to the International Cover Pool, provided that the relevant Measure has been imposed by the CNB and for as long as that Measure is in effect.

Risk relating to the Issuer's insolvency

The Issuer's ability to make payments under the Mortgage Covered Bonds or to issue further Mortgage Covered Bonds may be restricted or discontinued by a preliminary injunction issued by a Czech court

Under Section 74 et seq. of the Czech Act. No 99/1963 Coll., as amended (the **Civil Procedure Code**), a Czech court may, at its discretion and upon a petition from any third person filing a claim against the Issuer, issue a preliminary injunction (in Czech, *předběžné opatření*) if: (i) it is necessary to temporarily govern the relationship between the Issuer and that third person; or (ii) there is a doubt whether the enforcement of a court decision issued will be carried out. Such preliminary injunction may stay in effect until the end of the relevant court proceedings. This is a general regulation of the civil procedure under Czech law and, thus, regardless of the Issuer's insolvency, there can be no assurance that such a preliminary injunction would not impose upon the Issuer the obligation to stop or delay payments under Czech Mortgage Covered Bonds (including the Mortgage Covered Bonds) or restrict or prohibit the Issuer from issuing further Czech Mortgage Covered Bonds (including the Mortgage Covered Bonds).

Following the Issuer having become unable to pay its monetary obligations as they fall due, the value of the Mortgage Loans in the International Cover Pool might reduce becoming insufficient to meet the relevant Contractual Asset Cover Test and Statutory Tests and thus insufficient to provide cover for the issued and outstanding Czech Mortgage Covered Bonds as a result of some debtors of the Mortgage Loans having exercised the right of unilateral set-off of their claims and obligations vis-à-vis the Issuer

If the Issuer enters into separate transactions (including transactions under various agreements on current or other bank accounts) with the debtors of Mortgage Loans, which are in the International Cover Pool, such debtors may, under certain conditions, have a right of set-off of their obligations under the Mortgage Loans against any amounts owed by the Issuer.

Czech law allows for two means of set-off, a unilateral set-off and a contractual set-off. In both cases the law requires that the subject matter of mutual claims to be set-off is of the same kind. In broad terms, a unilateral set-off refers to circumstances when one of the parties takes a unilateral action towards the other party invoking a set-off without any action being taken whatsoever by the other party. The general rule is that a unilateral set-off of mutual claims is only possible when such claims are due and payable. In contrast, a contractual set-off, which is always based on an agreement between the parties, can always take place regardless of whether mutual claims to be set-off are due and payable. Current instalments on the Mortgage Loans would typically become due and payable but not the whole amount of the Mortgage Loan except when the Mortgage Loan is a defaulted loan and it has, as a consequence, become due and payable. Therefore, the possibility of a unilateral set-off against the whole amount of the Mortgage Loan or its significant part is very limited in practice.

Czech law allows not only for a pre-insolvency but also an insolvency set-off, although additional restrictions apply in an insolvency set off compared to the pre-insolvency regime described immediately above. Mutual claims of the Issuer and its creditor may generally be set-off after the initiation or opening of insolvency proceedings (in Czech, *zahájení insolvenčního řízení*) (the **Commencement of Insolvency Proceedings**), however set-off at this stage of the insolvency proceedings may be restricted by the insolvency court by issuing a preliminary injunction. Mutual claims of the Issuer and its creditor may be set-off after the declaration of insolvency (in Czech, *rozhodnutí o úpadku*) (the **Declaration of Insolvency**), provided that the statutory conditions for set-off have been fulfilled prior to the decision on the manner of resolution of the debtor's insolvency. Also, the set-off after the Declaration of Insolvency will not be possible if: (i) the creditor did not file the claim to be set off in the insolvency proceedings; (ii) the creditor acquired its claim through an ineffective

legal act; (iii) the creditor was aware of the debtor's insolvency at the time it acquired the claim to be set off; (iv) the creditor has not yet satisfied the debtor's due and payable claim for the amount owing which exceeds the creditor's claim to be set off; and (v) in certain other circumstances described in the Czech Act No. 182/2006 Coll., on Insolvency and Method of its Resolution (the Insolvency Act), as amended (the **Czech Insolvency Act**), such as upon the issuance of the Preliminary Injunction by the insolvency court. There is only one available method of resolving the Issuer's insolvency and that is bankruptcy (in Czech, *konkurs*). The insolvency court would therefore always decide simultaneously on a Declaration of Insolvency to confirm the state of affairs and on a declaration of bankruptcy (in Czech, *rozhodnutí o prohlášení konkursu*) (the **Declaration of Bankruptcy**) to decide on the use of method to resolve the insolvency. Therefore, the statutory conditions for set-off must be met prior to the Declaration of Insolvency and Declaration of Bankruptcy in respect of the Issuer. According to the conservative interpretation this means that a set-off must be perfected prior to such decision, i.e. that the set-off must also be invoked against the Issuer prior to the Declaration of Bankruptcy. However, there is also a view that the legal conditions of set-off do not comprise the act by which set-off is invoked against the Issuer.

In summary, the above means that, having no regard to whether the relevant claims and obligations have become due and payable, the right of a unilateral set-off of (i) the claims of the debtors under the Mortgage Loans *vis-à-vis* (ii) the claims of the Issuer under the Mortgage Loans, may be exercised not only prior to the insolvency but also after the Commencement of Insolvency Proceedings or even after the Declaration of Bankruptcy in respect of the Issuer and, subject to some other conditions, always only provided that the Issuer is unable to pay its monetary obligations as they fall due. Although the Issuer contractually eliminated such debtors' rights to set-off in its Standard Contractual Terms and Conditions applicable to the agreements or contracts on Mortgage Loans and such contractual arrangements would continue to apply following the Commencement of the Insolvency Proceedings in respect of the Issuer, it cannot be ruled out that the Standard Contractual Terms and Conditions will be amended and the debtors of the Mortgage Loans would be able to exercise the right of unilateral set-off of their claims against the Issuer and, thus, the possibility of such set-off taking place cannot be completely excluded. Consequently, no assurance can be given that, if the right of unilateral set-off has been duly exercised by some debtors of the Mortgage Loans, the value of the Cover Assets or Accessory Assets in the International Cover Pool will be sufficient to pay all amounts due and payable under the Mortgage Covered Bonds.

II. RISKS RELATED TO THE MORTGAGE COVERED BONDS

The risk factors regarding the Mortgage Covered Bonds are presented in the following categories depending on their nature with the most material risk factor presented first in each category:

- Risks arising from the Conditions of the Mortgage Covered Bonds;
- Risks related to the nature of the Mortgage Covered Bonds;
- Risks related to the admission of the Mortgage Covered Bonds to trading on a regulated market; and
- Other risks related to the Mortgage Covered Bonds.

Risks arising from the Conditions of the Mortgage Covered Bonds

Fixed Rate Mortgage Covered Bonds

A Mortgage Covered Bondholder with a fixed rate of interest (the **Fixed Rate Mortgage Covered Bonds**) is exposed to the risk that the price of such Mortgage Covered Bond falls as a result of changes in the market interest rate. While the nominal interest rate of a Fixed Rate Mortgage Covered Bond as specified in the applicable Final Terms is fixed during the life of such Mortgage Covered Bond, the current interest rate on capital markets (**market interest rate**) typically changes on a daily basis. As the market interest rate changes, the price of a Fixed Rate Mortgage Covered Bond also changes, but in the opposite direction. If the market interest rate increases, the price of a Fixed Rate Mortgage Covered Bond typically falls, until the yield of such Mortgage Covered Bond is approximately equal to the market interest rate. If the market interest rate falls, the price of a Fixed Rate Mortgage Covered Bond typically increases, until the yield of such Mortgage Covered Bond is approximately equal to the market interest rate. If the Mortgage Covered Bondholder of a Fixed Rate Mortgage Covered Bond holds such Mortgage Covered Bond until maturity, changes in the market interest rate are without relevance to such Mortgage Covered Bondholder as the Mortgage Covered Bond will be redeemed at a specified redemption amount, usually the principal amount of such Mortgage Covered Bond.

Fixed to Floating Rate Mortgage Covered Bonds

Mortgage Covered Bonds issued with a fixed interest rate and a floating interest rate (the **Fixed to Floating Rate Mortgage Covered Bonds**) comprise both, risks relating to Fixed Rate Mortgage Covered Bonds (see above Fixed Rate Mortgage Covered Bonds) and risks relating to Floating Rate Mortgage Covered Bonds (see below Floating Rate Mortgage Covered Bonds). In addition, the Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Mortgage Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Mortgage Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Mortgage Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Mortgage Covered Bonds.

Floating Rate Mortgage Covered Bonds

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

A holder of a Mortgage Covered Bond with a floating rate of interest (the **Floating Rate Mortgage Covered Bonds**) is exposed to the risk of fluctuating reference rate levels (in case of Floating Rate Mortgage Covered Bonds linked to reference rates such as EURIBOR, PRIBOR, Euro Overnight Index Average (**EONIA**) or other reference rates) and uncertain interest income. Fluctuating reference rate levels make it impossible to determine the yield of Floating Rate Mortgage Covered Bonds in advance.

The EURIBOR, the PRIBOR and other interest rate indices which are deemed to be "benchmarks" (each a **Benchmark** and together the **Benchmarks**) have become the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which may have a material adverse effect on any Mortgage Covered Bonds linked to such a Benchmark.

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

The Benchmark Regulation could have a material impact on Mortgage Covered Bonds linked to a Benchmark rate or index, including in any of the following circumstances:

- a rate which is a Benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 of the Benchmarks Regulation), the administrator is recognised (Article 32 of the Benchmarks Regulation) or the Benchmark is endorsed (Article 33 of the Benchmarks Regulation) (subject to applicable transitional provisions). If this is not the case, Mortgage Covered Bonds linked to such Benchmarks could be impacted; and

- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Mortgage Covered Bonds, including Issuer determination of the rate or level in its discretion.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

If a Benchmark were to be discontinued or otherwise unavailable, the rate of interest for floating rate Mortgage Covered Bonds which are linked to such Benchmark will be determined for the relevant period by the fallback provisions applicable to such Mortgage Covered Bonds, which in the end could result in the same rate being applied until maturity of the floating rate Mortgage Covered Bonds, effectively turning the floating rate of interest into a fixed rate of interest, or, to determination of the applicable interest rate on the basis of another benchmark determined by the Issuer in its discretion or to an early termination of the relevant Mortgage Covered Bonds at the option of the Issuer. Any of the foregoing could have a material adverse effect on the value or liquidity of, and the amounts payable on floating rate Mortgage Covered Bonds whose rate of interest is linked to a discontinued Benchmark.

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

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

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

Interest rates of Floating Rate Mortgage Covered Bonds may be linked, among other things, to SONIA, SOFR and €STR (all together, the **Alternative Reference Rates**).

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions. Investors should be aware that the market continues to

develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions. It may be difficult for investors in the Mortgage Covered Bonds which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Mortgage Covered Bonds. Further, if the Mortgage Covered Bonds become due and payable, the rate of interest payable shall be determined on the date the Mortgage Covered Bonds became due and payable. Investors should consider these matters when making their investment decision with respect to any such Mortgage Covered Bonds.

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

Similar to the approaches in the US and the United Kingdom, the Governing Council of the European Central Bank (the **ECB**) has decided to develop a euro short-term rate (**€STR**) based on data already available to the Eurosystem. €STR reflects the wholesale euro unsecured overnight borrowing costs of euro area banks, complements existing benchmark rates provided by the private sector and is published on each TARGET[7] banking day since 2 October 2019. Given that it cannot be excluded that further changes will be implemented and, in particular, that there is no historical data or trends that investors could rely on and that the transition from existing reference rates to €STR could result in further uncertainties and limitations. Investors in the Mortgage Covered Bonds should consider all these factors when making their investment decision with respect to any such Mortgage Covered Bonds.

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

[7] Trans-European automated real-time gross settlement express transfer system.

Fallback provisions applicable following the occurrence of a Benchmark Event or a Benchmark Transition Event may lead to Mortgage Covered Bonds performing differently or the effective application of a "fixed rate"

If a relevant Benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable, i.e., if a Benchmark Event or a Benchmark Transition Event, as applicable, occurs, the Terms and Conditions of the Mortgage Covered Bonds provide for certain fallback provisions. Such fallback provisions include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Mortgage Covered Bonds may not achieve this objective.

Benchmark discontinuation and unavailability could also result in a previously available rate of the Benchmark being applied until maturity of the Floating Rate Mortgage Covered Bonds, effectively turning the floating rate of interest into a fixed rate of interest, or, to determination of the applicable interest rate on the basis of another benchmark determined by the Issuer in its discretion or to an early termination of the relevant Mortgage Covered Bonds at the option of the Issuer.

Any such changes may result in the Mortgage Covered Bonds performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. It is also possible that such an event may be deemed to have occurred prior to the issue date for a Series of Mortgage Covered Bonds. Moreover, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Mortgage Covered Bonds. Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Mortgage Covered Bonds linked to or referencing a benchmark.

Risks associated with the withholding taxation regime in the Czech Republic

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

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

Even though Condition 7 stipulates that a gross-up obligation of the Issuer applies, there are certain carve outs from such obligation under which, for example, no gross-up applies to payments in respect of (i) Zero Coupon Mortgage Covered Bonds; (ii) Mortgage Covered Bonds where any withholding or deduction by the Issuer is for or on account of the Tax Security or (iii) where the Beneficial Owner of such Mortgage Covered Bonds 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.

Mortgage Covered Bondholders should consult their own tax advisers regarding the implications for their holding, or the potential purchase or sale of any Mortgage Covered Bonds. Given that the new taxation regime is applicable in the Czech Republic only from 1 January 2022, it is not yet possible to determine the exact

implications that the new regime may have on the Mortgage Covered Bondholders. Further, the new tax regime of the Mortgage Covered Bonds is currently associated with many ambiguities and may be subject to further changes.

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

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

Under Czech tax law, the Issuer is personally liable for (i) any Withholding Tax (all capitalized terms used in this risk factor are defined in the section *Terms and Conditions of the Mortgage Covered Bonds* and *Taxation*) and Tax Security (as the case may be) which are required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest and principal in respect of Mortgage Covered Bonds as well as (ii) the granting of any 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 Mortgage Covered Bond (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% Withholding Tax from any payment of interest on such Mortgage Covered Bond and (ii) if such Mortgage Covered Bond was issued at a price lower than its principal amount (i.e. below par) 1% Tax Security from any payment of principal on such Mortgage Covered Bond 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.

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

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

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

Where the Beneficial Owner does not hold Mortgage Covered Bonds 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 Mortgage Covered Bonds 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. Consequently, there is a risk that the Certification Procedures may be discontinued at any time.

See section *Taxation* for a fuller description of certain tax considerations relating to the Mortgage Covered Bonds 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.

Risk of early redemption

Mortgage Covered Bonds that contain a call option of the Issuer may be redeemed by the Issuer on certain call dates as specified in the Final Terms, by giving notice to the Mortgage Covered Bondholders (subject to restrictions in applicable laws and regulations).

If the Issuer redeems any Mortgage Covered Bonds prior to their maturity or if the Mortgage Covered Bonds are subject to an early redemption due to a tax or regulatory event, a Mortgage Covered Bondholder is exposed to the risk that, due to early redemption, his investment may have a lower than expected yield. The Issuer might exercise his optional call right if the yield on comparable Mortgage Covered Bonds in the capital market falls which means that the investor may only be able to reinvest the redemption proceeds in Mortgage Covered Bonds with a lower yield.

Mortgage Covered Bonds with a Cap

Floating Rate Mortgage Covered Bonds may be equipped with a cap with respect to the interest payment. In that case, the amount of interest will never rise above and beyond the predetermined cap, so that the Mortgage Covered Bondholders will not be able to benefit from any actual favourable development beyond the cap. The yield of these Mortgage Covered Bonds could therefore be lower than that of similarly structured Mortgage Covered Bonds without a cap. The market value of such Mortgage Covered Bonds may decrease or fluctuate over their term to a higher extent than comparable interest structured Mortgage Covered Bonds without a cap.

Zero Coupon Mortgage Covered Bonds

The Zero Coupon Mortgage Covered Bonds do not pay current interest but are issued at a discount from their nominal value (discounted Zero Coupon Mortgage Covered Bonds) or at their nominal value (compounded Zero Coupon Mortgage Covered Bonds). Instead of periodical interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A Mortgage Covered Bondholder of Zero Coupon Mortgage Covered Bonds is exposed to the risk that the price of such Mortgage Covered Bonds falls as a result of changes in the market interest rate. Prices of Zero Coupon Mortgage Covered Bonds are more volatile than prices of Fixed Rate Mortgage Covered Bonds and are likely to respond to a greater degree to market interest rate changes than interest bearing Mortgage Covered Bonds with a similar maturity.

The Maturity Date may be delayed to the Extended Maturity Date under the Mortgage Covered Bonds

If the Issuer or the Covered Block Administrator fails, not at its discretion, to redeem the relevant Mortgage Covered Bonds in full on the Maturity Date or within 14 Business Days thereafter or if any other relevant circumstance set out in the Conditions occurs, the maturity of the principal amount outstanding of the Mortgage Covered Bonds not redeemed will be automatically extended up to (and including) the date designated as an Extended Maturity Date in the applicable Final Terms (the **Extended Maturity Date**). In that event, the Issuer may, and if the CNB has appointed the Covered Block Administrator and to the extent there are sufficient monies available in the International Covered Block, and it is permitted by the applicable law, the Covered Block Administrator shall, redeem all or any part of the principal amount outstanding of the Mortgage Covered Bonds on any Interest Payment Date falling after the Maturity Date, up to and including the Extended Maturity Date. In that event, the Mortgage Covered Bonds will also bear interest on the principal amount outstanding of the Mortgage Covered Bonds in accordance with the applicable Final Terms.

The extension of the maturity of the principal amount outstanding of the Mortgage Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Mortgage Covered Bondholders

to accelerate payments or take action against the Issuer, and no payment will be payable to the Mortgage Covered Bondholders in that event other than as set out in the *Terms and Conditions of the Mortgage Covered Bonds*.

If the maturity of the Mortgage Covered Bonds is extended until the Extended Maturity Date, the Mortgage Covered Bondholders will also not be able to reinvest or otherwise use the proceeds from repayment of principal on the Mortgage Covered Bonds between the original Maturity Date and the date on which the Mortgage Covered Bonds will be repaid (up to the Extended Maturity Date).

The concept of the Czech Mortgage Covered Bonds issued under and governed by foreign law was adopted by the Czech Bonds Act in 2012 and it is not certain how the Czech Bonds Act as well as the CNB Decree and the relevant provisions of the Czech Insolvency Act will be interpreted in judicial, administrative or other relevant practice following the date of issue of the Mortgage Covered Bonds

The current wording of Section 28(1) of the Czech Bonds Act provides that Czech covered bonds (in Czech, *kryté dluhopisy*) are either: (i) bonds (in Czech, *dluhopisy*) which are issued by a bank under and governed by Czech law; or (ii) similar debt securities representing a right for repayment of an owed amount issued by a bank under foreign law, which as of the respective issue date meet the Statutory Tests.

The Czech Bonds Act has been amended already in 2012 to enable the mortgage covered bonds (in Czech, *hypoteční zástavní listy*) (i.e. the only category of then recognised Czech covered bonds) to be issued not only as Czech law governed bonds (in Czech, *dluhopisy*) but also as foreign law (e.g., English law) governed debt securities such as the Mortgage Covered Bonds. The Czech Bonds Act and the issuance of English law governed covered bonds have not been tested in Czech courts and, for this reason, there is no relevant case law available.

It is uncertain how the Czech Bonds Act will be interpreted or whether changes or amendments will be made to it which will affect the Mortgage Covered Bonds issued under the Programme. Therefore, no assurance can be given as to the impact of any possible judicial decision or change to Czech law (including the Czech Bonds Act, Decree of the CNB No. 2/2019 Coll., on Keeping Records of the Covered Blocks, as amended (the **CNB Decree**) or the Czech Insolvency Act) or administrative or other relevant practice after the date of issue of the relevant Mortgage Covered Bonds.

Additionally, the interpretation of certain provisions of Czech law, in particular commercial, financial and insolvency laws, is not well established due to little precedent in respect of sophisticated commercial and financial transactions between private parties. Furthermore, these laws are subject to changes and interpretation in a manner which cannot be currently foreseen and anticipated, and which may affect the rights and obligations arising in connection with the Mortgage Covered Bonds.

In addition, any change in legislation or in practice in the Czech Republic, Luxembourg, the UK or in any other relevant jurisdiction could adversely impact: (i) the ability of the Issuer to service the Mortgage Covered Bonds; and (ii) the market value of the Mortgage Covered Bonds.

In any proceedings taken in the Czech Republic for the enforcement of the obligations of the Issuer under any contract governed by English law, Czech courts should recognise the choice of English law as the governing law of such contract subject to the provisions of Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (the **Rome I Regulation**). To the extent the rules of the Rome I Regulation do not apply to unilateral acts, Section 90 of Czech Act No. 91/2012 Coll., on Private International Law (the **Czech Private International Law** Act) provides (with effect from 1 January 2014) for free choice of law in respect of such unilateral acts.

Recent changes in the Czech Bonds Act may affect various aspects of the validity or enforceability of the Issuer's or the Mortgage Covered Bondholders' rights and obligations including those under the Mortgage Covered Bonds

A significant amendment No. 307/2018 Coll. to the Czech Bonds Act which introduced a new legal framework of Czech covered bonds including ring-fencing of the International Cover Pool from the Issuer's general insolvency estate (in Czech, *majetková podstata*) (the **General Insolvency Estate**) has entered into force on 4 January 2019. This framework was substantially modified by Act No. 96/2022 Coll., in particular in order to transpose into Czech law the directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision (the **Covered Bond Directive**). Considering that this new regulatory framework took effect from 4 January 2019 and its amendment

transposing the Covered Bond Directive took effect from 29 May 2022, there is no case law and very limited market practice at this moment. It is not clear how the new and untested regulatory framework and regulations will be interpreted in the future and what effect such interpretation will have on the validity and enforceability of certain rights and obligations under the Mortgage Covered Bonds.

Risks related to the nature of the Mortgage Covered Bonds

Risks relating to market value of the Mortgage Covered Bonds

The market value (or the market price) of the Mortgage Covered Bonds will be affected by a number of factors such as prevailing interest and yield rates, the market for similar securities (i.e. credit spreads), general economic conditions or, as the case may be, the remaining term of the Mortgage Covered Bonds. If the Mortgage Covered Bonds are traded after their initial issuance, these factors may lead to a market value of the Mortgage Covered Bonds being substantially below their Issue Price. The market value at which a Mortgage Covered Bondholder will be able to sell the Mortgage Covered Bonds may be substantially below the Issue Price. The Issuer does not guarantee that the spread between purchase and selling prices lies within a certain range or remains constant. If the Mortgage Covered Bondholder sells the Mortgage Covered Bonds at a time where the market value of the Mortgage Covered Bonds is below the Issue Price they will suffer a loss.

Interest rate risk

Interest rate risk is one of the central risks of interest-bearing Mortgage Covered Bonds. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Mortgage Covered Bonds to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the market interest rate and credit spread level. Mortgage Covered Bondholders of floating rate Mortgage Covered Bonds may receive a lower interest amount than they have initially expected. Mortgage Covered Bondholders of fixed rate Mortgage Covered Bonds are exposed to an interest rate risk that could result in a diminution in value of the Mortgage Covered Bonds if the market interest rate level increases. In general, the effects of this risk increase as the market interest rates increase. See Fixed Rate Mortgage Covered Bonds above.

Currency risk with respect to the Mortgage Covered Bonds

The Mortgage Covered Bonds may be denominated in a currency other than the currency of the jurisdiction where the investor is domiciled or where the investor seeks to receive funds. Exchange rates between currencies (the **Currency Exchange Rates**) are determined by factors of supply and demand in the international currency markets, which are affected by macro-economic factors, speculations and intervention by the central banks and governments (including the imposition of currency controls and restrictions). Fluctuations in Currency Exchange Rates may have a negative impact on the value of the Mortgage Covered Bonds and may result in a loss.

Inflation risk

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on Mortgage Covered Bond. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

Denominations

In relation to any issue of Mortgage Covered Bonds which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Mortgage Covered Bonds may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such a case a Mortgage Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination would need to purchase a principal amount of Mortgage Covered Bonds such that its holding amounts to a Specified Denomination.

The use of proceeds of the Mortgage Covered Bonds identified as Sustainable Mortgage Covered Bonds in the Final Terms may not be suitable for the investment criteria of an investor

The Final Terms in respect of Mortgage Covered Bonds identified as the Sustainable Mortgage Covered Bonds may provide that the Issuer will apply an amount equivalent to the net proceeds of the issue to finance or

refinance, in whole or in part the Eligible Green Assets or the Eligible Social Assets that meet the eligibility criteria for the Eligible Green Categories and/or Eligible Social Categories, as defined in the Framework, as amended and supplemented from time to time which is available on the website of Société Générale.

As at the date of this Base Prospectus, the Framework is aligned with (i) the Green Bond Principles (as of June 2025), Social Bond Principles (as of June 2025) and the Sustainability Bond Guidelines (as of June 2021) published by the International Capital Markets Association (**ICMA**). The Framework and the definitions used therein may be modified to adapt to any update that may be made, in particular, to the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Such changes may have a negative impact on the market value and the liquidity of any Sustainable Mortgage Covered Bonds issued prior to their implementation.

The Taxonomy Regulation was adopted by the Council and the European Parliament and supplemented by Delegated Regulation (EU) 2021/2139 (as amended) and Delegated Regulation (EU) 2023/2486 to establish the EU Taxonomy. The EU Taxonomy provides companies and investors with a common language to determine which economic activities can be considered environmentally sustainable, i.e. (i) contributing substantially to one or more of the six environmental objectives of the Taxonomy Regulation (the "substantial contribution criteria"), (ii) doing no significant harm to any other environmental objectives (the "do no significant harm" principle), (iii) complying with minimum safeguards, and (iv) complying with technical screening criteria contained in delegated regulation.

Based on the Second Party Opinion, Eligible Green Assets under the Framework comply with the "substantial contribution criteria" and minimum safeguards of the EU Taxonomy. The "do no significant harm" criteria have not been assessed by the Second Party Opinion provider. As at the date of the Base Prospectus, Eligible Green Assets under the Framework of the Group are not aligned with the eligibility criteria of the EU Taxonomy and there is a risk that the use of proceeds of any Green Mortgage Covered Bonds or Sustainability Mortgage Covered Bonds will not satisfy Mortgage Covered Bondholders' expectations or requirements with respect to investment criteria or guidelines with which the Mortgage Covered Bondholders or their investments are required to comply under their own by-laws or other governing rules or investment portfolio mandates regarding the Taxonomy Regulation. It could result in a reduced demand from investors for such Green Mortgage Covered Bonds or Sustainability Mortgage Covered Bonds, as well as a decrease in their market value or their liquidity.

Additionally, (i) the fact that the maturity of an Eligible Asset may not match the minimum duration of any Sustainable Mortgage Covered Bonds and/or (ii) the fact that during the life of the Sustainable Mortgage Covered Bonds, Eligible Assets may be removed from the pool of Eligible Assets, to the extent required (e.g. in case of projects divestment or cancellation, in case of amortized or redeemed loans, if an activity ceases to meet the eligibility criteria or for any other reason beyond the control of the Issuer), in which case an amount equivalent to the net proceeds, in whole or in part, may not be allocated to Eligible Assets and be rather allocated in money market instruments, cash and/or cash equivalent instruments without any undertaking of the Issuer as to a maximum period of time for such allocation, and/or (iii) the withdrawal of any second party opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such second party opinion or certification is opining or certifying on may have an adverse effect on the value of such Sustainable Mortgage Covered Bonds and/or result in adverse consequences for certain Mortgage Covered Bondholders with portfolio mandates to invest in securities to be used for a particular purpose who may have to, as a result, dispose of the Sustainable Mortgage Covered Bonds at their prevailing market value thereby losing a part of their investment in such Sustainable Mortgage Covered Bonds.

Any of the above events will not (i) constitute an Event of Default nor (ii) lead to an obligation of the Issuer to redeem the Sustainable Mortgage Covered Bonds in any manner whatsoever or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Mortgage Covered Bonds nor (iii) give a right to the Mortgage Covered Bondholder to request the early redemption of the Sustainable Mortgage Covered Bonds held by it or give rise to any other claim or right.

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Sustainable Mortgage Covered Bonds

No assurance or representation can be given by the Issuer or the Dealers or any other person (including SG Group) as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer and including the Second Party Opinion) which may be made available in connection with the issue of any Mortgage Covered Bonds and in particular with any Eligible Green Assets and/or Eligible Social Assets, as applicable, to fulfil any environmental, social, sustainability and/or other

criteria (such opinion or certification also referred to as a **Third Party Opinion**). Any such Third Party Opinion may not address risks that may affect the value of any Mortgage Covered Bonds issued in accordance with the Framework or any Eligible Green Assets and/or Eligible Social Assets, as applicable, against which the Issuer may assign the proceeds of any Mortgage Covered Bonds.

Such Third Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Mortgage Covered Bonds, including without limitation market price, marketability, investor preference or suitability of any security. Such Third Party Opinion is a statement of opinion, not a statement of fact. Any such Third Party Opinion is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person (including SG Group) to buy, sell or hold any Mortgage Covered Bonds. Any such Third Party Opinion is only current as of the date that opinion was initially issued and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Any withdrawal of any Third Party Opinions or any other opinion or certification may have a material adverse effect on the value of any Sustainable Mortgage Covered Bonds in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Mortgage Covered Bonds as a result of the Mortgage Covered Bonds not falling within the investor's investment criteria or mandate).

Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. There can be no assurance that the Mortgage Covered Bondholders will have any recourse against the provider(s) of any Third Party Opinion. Prospective investors must determine for themselves the relevance of any such Third Party Opinion and/or the information contained therein and/or the provider of such Third Party Opinion for the purpose of any investment in any Mortgage Covered Bonds.

Risks related to the admission of the Mortgage Covered Bonds to trading on a regulated market

Risk that no active trading market for the Mortgage Covered Bonds exists

The Mortgage Covered Bonds will be newly issued securities, which will not necessarily be widely distributed and for which an active trading market will not necessarily exist and develop.

Although applications could be made for the Mortgage Covered Bonds to be admitted to the regulated market of any stock exchange or to any market within the EEA, there is no assurance that such applications will be accepted, that a particular tranche of Mortgage Covered Bonds will be admitted or that an active trading market will develop. Accordingly, there is no assurance regarding the development or liquidity of a trading market for a particular tranche of Mortgage Covered Bonds. Neither the Issuer nor a Dealer can assure that a Mortgage Covered Bondholder will be able to sell their Mortgage Covered Bonds prior to their maturity. If the Mortgage Covered Bonds are not traded on any securities exchange, pricing information for the Mortgage Covered Bonds may be more difficult to obtain which may have a negative effect on the liquidity and the market prices of the Mortgage Covered Bonds.

The Issuer may, but is not obliged to, purchase Mortgage Covered Bonds at any time and at any price in the open market, by tender or private agreement. Any Mortgage Covered Bonds purchased in this way by the Issuer may be held, resold or cancelled. If the Issuer acts as the only market maker or if there is no market maker, the secondary market may become even more limited. The more limited the secondary market is, the more difficult it may be for Mortgage Covered Bondholders to realise the value of the Mortgage Covered Bonds prior to the maturity date of the Mortgage Covered Bonds. Therefore, a certain risk does exist that Mortgage Covered Bondholders have to hold the Mortgage Covered Bonds until the maturity date of the Mortgage Covered Bonds or the Mortgage Covered Bonds are redeemed early (if a right to redeem the Mortgage Covered Bonds early is applicable).

Risks relating to the offering volume

The offering volume described in the Final Terms is equal to the maximum volume of the Mortgage Covered Bonds offered, which might be increased at any time. This amount does not allow any conclusions on the volume of the Mortgage Covered Bonds actually issued, and thus on the liquidity of a potential secondary market associated with the same risks as stated above.

Legality of purchase

Neither the Issuer nor any Dealer or any of their affiliates has assumed or assumes responsibility towards any potential investor for the legality of the acquisition of the Mortgage Covered Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it.

Other risks related to the Mortgage Covered Bonds

If the Mortgage Covered Bonds do not become or cease to be compliant with Article 129 of the CRR or with the LCR Regulation, the Mortgage Covered Bondholders may be adversely affected

The value of the Mortgage Covered Bonds generally or specifically to certain investors may derive from whether they are compliant with Article 129 of the CRR and eligible for preferential treatment under the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, as amended (the **LCR Regulation** and the **Preferential Status**) or whether they meet the requirements to use the label "CRR" or "European Covered Bond (Premium)".

The applicable Final Terms will specify whether the relevant Issue is be labelled as "CRR" or "European Covered Bond (Premium)" Mortgage Covered Bonds. According to the Czech Bonds Act, the Issuer of Mortgage Covered Bonds that bear the label "CRR" or "European Covered Bond (Premium)" or its translation in official language in the European Union in their title must ensure that the covered bonds fulfil criteria pursuant to Article 129 of the CRR. If the Issuer fails to comply with the applicable requirements or criteria set out in the Czech Bonds Act or the CRR, such non-compliance constitutes an administrative delict under the Czech Bonds Act, subject to a fine of up to CZK 20 million.

In relation to the Mortgage Covered Bonds which do not use a label "CRR" or "European Covered Bond (Premium)", the Issuer intends for such Mortgage Covered Bonds to comply with Article 129 of the CRR and qualify for the Preferential Status on a voluntary basis only. The Contractual Eligibility Criteria in relation to the Cover Assets included in the International Cover Pool stipulate that the Mortgage Loan receivables amount included in the International Cover Pool is capped at a maximum LTV Ratio of 80%. Any other failure of the Issuer to comply with Article 129 of the CRR and have the Mortgage Covered Bonds which do not use a label "CRR" or "European Covered Bond (Premium)" qualify for the Preferential Status, however, does not constitute an event of default under the Conditions or a breach of the Conditions. There will be no monitoring by the Asset Monitor of the compliance with requirements of Article 129 of the CRR, other than with respect to the maximum LTV Ratio. Therefore, no assurance is provided by the Issuer in relation to (ongoing) compliance with Article 129 of the CRR with respect to the Mortgage Covered Bonds which do not use a label "CRR" or "European Covered Bond (Premium)".

If the Mortgage Covered Bonds do not acquire the Preferential Status, if they lose the Preferential Status or acquire a lower grade of the Preferential Status than previously held, for example upon a change of the applicable legal requirements following the issuance of a series of the Mortgage Covered Bonds or upon a decrease in rating of the Mortgage Covered Bonds, a Mortgage Covered Bondholder may experience adverse consequences (i.e. an adverse effect on the market value or on the regulatory treatment of the Mortgage Covered Bonds).

Ratings

Mortgage Covered Bonds issued under the Programme may be rated or unrated. Where a Tranche of Mortgage Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms relating to such Tranche and may not necessarily be the same as the expected rating indicated in this Base Prospectus. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In addition, the Issuer may decide to no longer use the services of a particular rating agency or use the services of another rating agency. Any ratings assigned to Mortgage Covered Bonds as at the date of issue are not indicative of future performance of the relevant Issuer's business or its future creditworthiness.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject

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

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No.1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Mortgage Covered Bonds 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 Mortgage Covered Bonds may have a different regulatory treatment, which may impact the value of the Mortgage Covered Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

The Mortgage Covered Bonds are not covered by the statutory deposit protection

Claims of the Mortgage Covered Bondholders under the Mortgage Covered Bonds are not covered by the statutory deposit protection (in Czech, *pojištění pohledávek z vkladů*). In the case of an over-indebted International Cover Pool, the excessive part of the Mortgage Covered Bondholders' receivables (i.e. to the extent the value of such receivables exceeds the available cover provided by the International Cover Pool) remain uncovered. Such Mortgage Covered Bondholders' claims may only be satisfied together with all other claims of all other general creditors of the Issuer registered with the insolvency court. Therefore, in such case and upon the insolvency of the Issuer, Mortgage Covered Bondholders could be subject to the risk of a significant loss of their investment in the Mortgage Covered Bonds.

Transaction costs

When Mortgage Covered Bonds are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred beside the purchase or sale price of the Mortgage Covered Bonds. These incidental costs may significantly reduce or even eliminate any profit from holding the Mortgage Covered Bonds. Generally, credit institutions charge commissions, which are either fixed minimum commissions or pro rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, e.g. domestic dealers or brokers in foreign markets, Mortgage Covered Bondholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

Risks relating to hedging transactions

Mortgage Covered Bondholders may not be able to make transactions to preclude or limit risks at all times during the term of the Mortgage Covered Bonds. Their ability to do so will depend on, inter alia, market conditions. In some cases investors may make such transactions only at a market price that is disadvantageous to them, so that a significant loss will occur.

Transactions to reduce risks

Any person intending to use the Mortgage Covered Bonds as a hedging instrument should recognise the correlation risk. The correlation risk in this case is the risk that the estimated and the actual correlation of the

Mortgage Covered Bonds may differ. This means that the hedging position estimated to move in the opposite direction as a security may prove to be correlated with the security, and that this may lead to failure of the envisaged hedging transaction. The Mortgage Covered Bonds may not be a perfect hedge to an underlying or portfolio of which the underlying forms a part.

Reinvestment risk

Mortgage Covered Bondholders may be exposed to risks connected to the reinvestment of cash resources freed from any Mortgage Covered Bonds. The return the Mortgage Covered Bondholder will receive from a Mortgage Covered Bond depends not only on the price and the nominal interest rate of the Mortgage Covered Bonds but also on whether or not the interest received during the term of the Mortgage Covered Bonds, if any, can be reinvested at the same or a higher interest rate than the rate provided for in the Mortgage Covered Bonds. The risk that the general market interest rate falls below the interest rate of the Mortgage Covered Bonds during its term is generally called reinvestment risk. The extent of the reinvestment risk depends on the individual features of the relevant Mortgage Covered Bonds.

Risks arising from financing the purchase of the Mortgage Covered Bonds

If a potential investor decides to finance the purchase of the Mortgage Covered Bonds with funds borrowed from a third party, the investor should make sure in advance that he can still pay the interest and principal payments on the loan also in the event of a loss. The investor should not rely on gains or profits from the investment in the Mortgage Covered Bonds in order to repay interest and principal of the loans when due and payable. In that case, the expected return must be set higher since the costs relating to the purchase of the Mortgage Covered Bonds and those relating to the loan (interest, redemption, handling fee) have to be taken into account.

Mortgage Covered Bondholders rely on the procedures of Euroclear and Clearstream, Luxembourg as regards the transfer, payment and communication

Mortgage Covered Bonds issued under the Programme may be represented by one or more global Mortgage Covered Bonds. Such global Mortgage Covered Bonds may be deposited with a common depositary or, if the global Mortgage Covered Bonds are Registered Global Mortgage Covered Bonds to be held under the New Safekeeping Structure, a common safekeeper for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the global Mortgage Covered Bonds. While the Mortgage Covered Bonds are represented by one or more global Mortgage Covered Bonds, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

While the Mortgage Covered Bonds are represented by one or more global Mortgage Covered Bonds, the Issuer will discharge the payment obligations under the Mortgage Covered Bonds by making payments to the common depositary, or for Mortgage Covered Bonds that are Registered Global Mortgage Covered Bonds to be held under the New Safekeeping Structure, the common safekeeper for Euroclear and Clearstream, Luxembourg, for distribution to their account holders. A holder of a beneficial interest in a global Mortgage Covered Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg. The Issuer has no responsibility or liability for the records relating to the beneficial interests in the global Mortgage Covered Bonds.

Holders of beneficial interests in the global Mortgage Covered Bonds will not have a direct right to vote in respect of the relevant Mortgage Covered Bond. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the global Mortgage Covered Bonds will not have a direct right under the global Mortgage Covered Bonds to take enforcement action against the Issuer in the event of a default under the relevant Instruments.

Conflict of interest risks

Nothing in the documents entered into in connection with the Programme shall prevent any of the parties to such documents from rendering services similar to those provided for in such documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to such documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- having previously engaged or in the future engaging in transactions with other parties to the transaction;
- having multiple roles in this transaction;
- purchasing some of the Mortgage Covered Bonds and subsequently dealing in such Mortgage Covered Bonds; and/or
- carrying out other roles or transactions for third parties.

Change of law

The Terms and Conditions of the Mortgage Covered Bonds (except for the status provisions of the Mortgage Covered Bonds which are governed by Czech law) are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or changes to English and/or Czech law after the date of this Base Prospectus.

Mortgage Covered Bonds are obligations of the Issuer only

The Mortgage Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with other obligations of the Issuer that have been provided the same priority as such Mortgage Covered Bonds (issued pursuant to Section 28 *et seq*, Part 2, Clause III of the Czech Bonds Act). Any obligations of the Issuer arising from the Mortgage Covered Bonds are obligations of the Issuer which can be repaid or satisfied from any assets of the Issuer, subject to the special regime that applies in respect of the obligations arising from the outstanding Czech Mortgage Covered Bonds (including Mortgage Covered Bonds issued under the Programme) in the Issuer's insolvency (see General Description of Czech Legislation relating to Mortgage Covered Bonds).

An investment in the Mortgage Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Mortgage Covered Bonds.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the auditor's report and consolidated audited annual financial statements of the Issuer as of and for the financial year ended 31 December 2024 including the information set out at the following pages:

Auditor's Report	711-714
Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	302-303
Consolidated Statement of Financial Position	304-305
Consolidated Statement of Cash Flows	307-308
Consolidated Statement of Changes in Equity	306
Notes to the consolidated financial statements	309-472

(available at: https://www.kb.cz/getmedia/9c7d4c2f-508b-4088-893e-7469b54d00d3/KB-Annual-Report-2024.pdf)

(b) the auditor's report and consolidated audited annual financial statements of the Issuer as of and for the financial year ended 31 December 2023 including the information set out at the following pages:

Auditor's Report	354-360
Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	111-112
Consolidated Statement of Financial Position	113
Consolidated Statement of Cash Flows	115-116
Consolidated Statement of Changes in Equity	114
Notes to the consolidated financial statements	117-204

(available at: https://www.kb.cz/getmedia/92317ca8-f0b9-4aed-85fa-0829346578ee/Annual-Report-KB-2023.pdf)

(c) the interim (half-yearly) report published by the Issuer as of 30 June 2025, and interim consolidated unaudited financial statements of the Issuer:

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	33-34
Consolidated Statement of Financial Position	35-36
Consolidated Statement of Cash Flows	39-40
Consolidated Statement of Changes in Equity	37-38
Notes to the consolidated financial statements	41-70

(available at: https://www.kb.cz/getmedia/385e7273-f830-4ae0-8827-927db5313947/KB-Half-Yearly-Report-2025_en.pdf)

In addition to the above, the following documents shall be incorporated in, and form part of, this Base Prospectus as and when it is published on https://www.kb.cz/en/about-bank/for-investors/reporting-and-results/annual-and-half-yearly-reports:

(d) the information set out in the following sections of any annual report published by the Issuer after the date of this Base Prospectus, including the auditor's report and audited consolidated annual financial statements of the Issuer:

Auditor's Report
Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Cash Flows
Consolidated Statement of Changes in Equity
Notes to the consolidated financial statements

(e) the information set out in the following sections of any interim (half-yearly) report published by the Issuer after the date of this Base Prospectus interim unaudited consolidated financial statements of the Issuer:

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Cash Flows
Consolidated Statement of Changes in Equity
Notes to the consolidated financial statements

In addition to the above, the following documents shall be incorporated in, and form part of, this Base Prospectus as and when it is published on https://www.kb.cz/en/about-bank/for-investors/financial-results:

(f) the information set out in the following sections of any consolidated interim (quarterly) financial statements of the Issuer and interim consolidated unaudited financial statements of the Issuer:

Consolidated Statement of Income
Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position

Information incorporated by reference pursuant to paragraphs (d) to (f) above shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus.

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

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

SUPPLEMENTS TO THE BASE PROSPECTUS

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

TERMS AND CONDITIONS OF THE MORTGAGE COVERED BONDS

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

This Mortgage Covered Bond is one of a Series (as defined below) of Mortgage Covered Bonds issued by Komerční banka, a.s. (the **Issuer**) constituted by a Trust Deed dated 3 October 2025 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**), made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the **Trustee**, which expression shall include any successor or co-trustee appointed pursuant to the terms of the Trust Deed).

Unless expressly stated otherwise, references herein to the **Mortgage Covered Bonds** shall be references to the Mortgage Covered Bonds of this Series and shall mean:

(a) in relation to any Mortgage Covered Bonds represented by a global Mortgage Covered Bond (a **Global Mortgage Covered Bond**), units of each Specified Denomination in the Specified Currency;

(b) any Global Mortgage Covered Bond; and

(c) any definitive Mortgage Covered Bonds in registered form (**Registered Mortgage Covered Bonds**) (whether or not issued in exchange for a Global Mortgage Covered Bond in registered form).

The Mortgage Covered Bonds shall be covered by the cover pool of the Issuer with an identifier: "Komerční_banka_HZL_EUR_0001" (the **International Cover Pool**) which covers the Mortgage Covered Bonds. The Issuer has also established a cover pool with an identifier: Komerční_banka_HZL_0000 (the **Local Cover Pool**), which covers the outstanding covered bonds issued by the Issuer under the CZK150 billion local bonds programme of the Issuer for the issuance of both (i) mortgage covered bonds (in Czech, hypoteční zástavní listy) under Czech law which satisfy the requirements of Section 28 et seq., Part 2, Clause III of the Czech Act No. 190/2004 Coll., as amended (the **Czech Bonds Act**); and (ii) other bonds issued under Czech law in accordance with the Czech Bonds Act, approved by the Board of Directors of the Issuer on 7 March 2007 (the **Local Covered Bond Programme**). The Local Cover Pool shall not cover the Mortgage Covered Bonds. For the avoidance of any doubts, the Issuer is authorised to establish any additional cover pools in respect of Czech Mortgage Covered Bonds (as defined below) in the future. In such case, the then outstanding Mortgage Covered Bonds will remain covered by the International Cover Pool. The Issuer shall not issue any covered bonds covered by the International Cover Pool other than the Mortgage Covered Bonds of any Series.

The Mortgage Covered Bonds (as defined below) have the benefit of an Agency Agreement dated 3 October 2025 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**), and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent appointed under the Agency Agreement) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents appointed under the Agency Agreement) and The Bank of New York Mellon, SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar appointed under the Agency Agreement) and the transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

The final terms for this Mortgage Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Mortgage Covered Bond which complete these Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Mortgage Covered Bond.

Registered Mortgage Covered Bonds and Global Mortgage Covered Bonds do not have interest coupons or talons for further interest coupons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Mortgage Covered Bonds (the **Mortgage Covered Bondholders** (which expression shall mean the persons in whose name the Mortgage Covered Bonds are registered and shall, in relation to any Mortgage Covered Bonds represented by a Global Mortgage Covered Bond, be construed as provided below)), in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Issuer at Prague 1, Na Příkopě 33 Descr. No. 969, Postal Code 114 07, Czech Republic, and (subject to providing reasonable advanced notice) at the specified office of each of the Principal Paying Agent and the other Paying Agents, during normal business hours of each of the Principal Paying Agent and/or the Paying Agents. Each of the Principal Paying Agent or the Paying Agent may, in their sole discretion, elect instead to provide electronic copies (by e-mail or otherwise) of the Trust Deed and the Agency Agreement in lieu of physical inspection (subject to evidence of entitlement to such inspection being provided). If the Mortgage Covered Bonds are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the Luxembourg Stock Exchange's website (www.luxse.com). The Mortgage Covered Bondholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

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

Unless a contrary indication appears, a reference in these Conditions to a legal act or provision of law is a reference to that legal act or provision of law as amended, replaced or re-enacted.

1. Form, Denomination and Title

The Mortgage Covered Bonds are in registered form and, in the case of definitive Mortgage Covered Bonds, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms.

The Mortgage Covered Bonds may be Fixed Rate Mortgage Covered Bonds, Floating Rate Mortgage Covered Bonds, Zero Coupon Mortgage Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Issue Date to and including the Maturity Date, and Fixed Rate Mortgage Covered Bonds or Floating Rate Mortgage Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Maturity Date up to and including the Extended Maturity Date.

Subject as set out below, title to the Mortgage Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, each of the Agents and the Trustee will (except as otherwise required by law) deem and treat the registered holder of any Mortgage Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in

the case of any Global Mortgage Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Mortgage Covered Bonds is represented by a Global Mortgage Covered Bond held on behalf of a common depositary, or, as the case may be, registered in the name of a nominee of a common depositary (in the case of a Global Mortgage Covered Bond when the applicable Final Terms specify that it is not held under the new safekeeping structure) or common safekeeper (in the case of a Registered Global Mortgage Covered Bond where the applicable Final Terms specify that it is held under the safekeeping structure for registered mortgage covered bonds set out in the press release of the ECB dated 22 October 2008 and titled Evolution of the custody arrangements for international debt services and their eligibility in Euro system credit operations (the **New Safekeeping Structure**)) for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Mortgage Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Mortgage Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, each of the Agents and the Trustee as the holder of such nominal amount of such Mortgage Covered Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Mortgage Covered Bonds, for which purpose the registered holder of the relevant Registered Global Mortgage Covered Bond shall be treated by the Issuer, each of the Agents and the Trustee as the holder of such nominal amount of such Mortgage Covered Bonds in accordance with and subject to the terms of the relevant Global Mortgage Covered Bond and the expressions **Mortgage Covered Bondholder** and **holder of Mortgage Covered Bonds** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Mortgage Covered Bonds as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2. Transfers of Mortgage Covered Bonds

2.1 Transfers of Interests in Global Mortgage Covered Bonds

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

2.2 Transfers of Definitive Mortgage Covered Bonds

Subject as provided in Condition 2.5 (Exchanges and Transfers of Mortgage Covered Bonds Generally) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Mortgage Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Mortgage Covered Bond for registration of the transfer of the Mortgage Covered Bond (or the relevant part of the Mortgage Covered Bond) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such

other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 to the Trust Deed). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Mortgage Covered Bond in definitive form of a like aggregate nominal amount to the Registered Mortgage Covered Bond (or the relevant part of the Mortgage Covered Bond) transferred. In the case of the transfer of part only of a Mortgage Covered Bond in definitive form, a new Mortgage Covered Bond in definitive form in respect of the balance of the Mortgage Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Mortgage Covered Bonds under Condition 6 (Redemption and Purchase), the Issuer shall not be required to register the transfer of any Mortgage Covered Bond, or part of a Registered Mortgage Covered Bond, called for partial redemption.

2.4 Costs of Registration

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

2.5 Exchanges and Transfers of Mortgage Covered Bonds Generally

Holders of Mortgage Covered Bonds in definitive form may exchange such Mortgage Covered Bonds for interests in a Global Mortgage Covered Bond of the same type at any time.

3. Status of the Mortgage Covered Bonds

The Mortgage Covered Bonds are mortgage covered bonds (in Czech, *hypoteční zástavní listy*) issued in accordance with Section 28 *et seq*., Part 2, Clause III of the Czech Bonds Act.

The Mortgage Covered Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with other obligations of the Issuer that have been provided the same priority as such Mortgage Covered Bonds. Although the Mortgage Covered Bonds constitute unsecured obligations of the Issuer, in any insolvency proceedings against the Issuer, a special regime applies in respect of the obligations arising from the outstanding Czech Mortgage Covered Bonds issued by the Issuer.

Each Mortgage Covered Bond will bear the designation "*hypoteční zástavní list*" or its equivalent in English language to be recognised as a mortgage covered bond under the Czech Bonds Act, the CNB Decree and the Czech Insolvency Act.

Where the applicable Final Terms specifies that the Mortgage Covered Bonds shall bear a label "CRR" or "European Covered Bonds (Premium)", such Mortgage Covered Bonds shall comply with requirements of Section 28c(2) of the Czech Bonds Act and solely use the Issuer's CRR Mortgage Loans in order to fulfil the requirements of Section 28a(2) of the Czech Bonds Act.

In these Conditions:

CNB Decree means the Decree of the Czech National Bank No. 2/2019 Coll. of 21 December 2018 (in Czech, *Vyhláška České národní banky č. 2/2019 Sb. ze dne 21. prosince 2018*) implementing certain provisions of the Czech Bonds Act.

CRR Mortgage Loans means the Issuer's mortgage loans pursuant to Article 129(1)(d)-(f) of the CRR.

Czech Mortgage Covered Bonds means all instruments and/or securities issued by the Issuer as mortgage covered bonds (in Czech, *hypoteční zástavní listy*) pursuant to Section 28 *et seq.*, Part 2, Clause III of the Czech Bonds Act, whether issued under and governed by Czech or foreign law and whether issued under the Programme (as the Mortgage Covered Bonds), under the Local Covered Bond Programme, under a programme yet to be established by the Issuer or on a standalone basis, which are then outstanding.

Czech Insolvency Act means the Czech Act No. 182/2006 Coll., as amended.

4. Interest

4.1 Interest on Fixed Rate Mortgage Covered Bonds

This Condition 4.1 applies to Fixed Rate Mortgage Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 for full information on the manner in which interest is calculated on Fixed Rate Mortgage Covered Bonds. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

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

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Mortgage Covered Bonds become payable on a date other than an Interest Payment Date.

Except in the case of Mortgage Covered Bonds in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of (A) the Fixed Rate Mortgage Covered Bonds represented by such Global Mortgage Covered Bond or (B) such Registered Mortgage Covered Bonds and, multiplying such sum by the applicable Day Count Fraction.

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:

(i) in the case of Mortgage Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the

product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Mortgage Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a 360-day year consisting of 12 months of 30 days each) divided by 360.

In these Conditions:

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

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

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

4.2 Interest on Floating Rate Mortgage Covered Bonds

(a) Interest Payment Dates

This Condition 4.2 applies to Floating Rate Mortgage Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Floating Rate Mortgage Covered Bonds. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

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

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means:

(A) the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

(B) where interest is required to be determined in respect of a period other than a full period under (A) above, such other period in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due.

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

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) (Interest on Floating Rate Mortgage Covered Bonds) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls into the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than T2) specified in the applicable Final Terms;

(2) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the real time gross settlement system

operated by the Eurosystem, or any successor system (**T2**) is open; and

(3) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

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

(i) ISDA Determination for Floating Rate Mortgage Covered Bonds

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

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity, if applicable, is a period specified in the applicable Final Terms;

(C) the relevant Reset Date is the day specified in the applicable Final Terms; and

(D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:

(1) Compounding with Lookback;

(2) Compounding with Observation Period Shift; or

(3) Compounding with Lockout; and

(E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be

deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

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

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

(ii) Screen Rate Determination for Floating Rate Mortgage Covered Bonds – Term Rate

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

(A) the offered quotation; or

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

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

Fallback

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

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation upon the Issuer's request as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issuer or the Calculation Agent, as

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

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

(iii) Screen Rate Determination for Floating Rate Mortgage Covered Bonds – Overnight Rate - Compounded Daily SONIA - Non-Index Determination

This Condition 4.2(b)(iii) applies where the applicable Final Terms specifies: (1) "*Screen Rate Determination*" and "*Overnight Rate*" to be "Applicable"; (2) "*Compounded Daily SONIA*" as the Reference Rate; and (3) "*Index Determination*" to be "Not Applicable".

(A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 4.2(c) and as provided below, be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

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

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

where:

d is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

d_o means:

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Observation Period;

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

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

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

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

p means:

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of

London Banking Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

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

$SONIA_i$ means the SONIA reference rate for:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "*i*".

(B) Subject to Condition 4.2(c), where any Rate of Interest is to be calculated pursuant to Condition 4.2(b)(iii)(A) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, such SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be the rate determined by the Calculation Agent as:

(1) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

(2) if the Bank Rate under (1)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (1) above,

and, in each case, references to "SONIA reference rate" in Condition 4.2(b)(iii)(A) above shall be construed accordingly.

(C) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this 4.2(b)(iii), and without prejudice to Condition 4.2(c), the Rate of Interest shall be:

(1) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though

substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or

(2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Mortgage Covered Bonds for the first scheduled Interest Period had the Mortgage Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Calculation Agent.

(iv) Screen Rate Determination for Floating Rate Mortgage Covered Bonds – Overnight Rate – Compounded Daily SONIA – Index Determination

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

(A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 4.2(c) and as provided below, be the Compounded Daily SONIA Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

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

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

where:

d is the number of calendar days from (and including) the day in relation to which SONIA Compounded $\text{Index}_{\text{Start}}$ is determined to (but excluding) the day in relation to which SONIA Compounded $\text{Index}_{\text{End}}$ is determined;

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

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

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

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

(B) If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Accrual Period for which the SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 4.2(b)(iii) above as if "*Index Determination*" were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "*Observation Method*" shall be deemed to be "*Observation Shift*" and (ii) the "*Observation Shift Period*" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(v) Screen Rate Determination for Floating Rate Mortgage Covered Bonds – Overnight Rate – SOFR – Non-Index Determination

This Condition 4.2(b)(v) applies where the applicable Final Terms specifies: (1) "*Screen Rate Determination*" and "*Overnight Rate*" to be 'Applicable'; (2) either "*Compounded Daily SOFR*" or "*Weighted Average SOFR*" as the Reference Rate; and (3) "*Index Determination*" to be 'Not Applicable'.

Where the applicable Final Terms specifies the Reference Rate to be "*Compounded Daily SOFR*", the provisions of paragraph (A) below of this Condition 4.2(b)(v) apply.

Where the applicable Final Terms specifies the Reference Rate to be "*Weighted Average SOFR*", the provisions of paragraph (B) below of this Condition 4.2(b)(v) apply.

(A) Compounded Daily SOFR

Where this paragraph (A) applies, the Rate of Interest for an Interest Accrual Period will, subject to 4.2(c) and as provided below, be Compounded Daily SOFR with respect to such Interest Accrual Period plus or minus (as

indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

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

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

where:

d is the number of calendar days in:

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

do means:

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

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

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

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

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

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

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

p means:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

(ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero U.S. Government Securities Business Days; or

(iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);

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

SOFR in respect of any U.S. Government Securities Business Day (USBDx), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such USBDx;

SOFRi means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i";

(ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms:

(I) in respect of each U.S. Government Securities Business Day "i" that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or

(II) in respect of each U.S. Government Securities Business Day "i" that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or

(iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "i"; and

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

(B) Weighted Average SOFR

Where this paragraph (B) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 4.2(c) and as provided below, be the Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as calculated by the Calculation Agent as of the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

Weighted Average SOFR means:

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

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

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

(C) SOFR Unavailable

Subject to Condition 4.2(c), if, where any Rate of Interest is to be calculated pursuant to this Condition (v), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed's Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition (v) but without prejudice to Condition 4.2(c), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 4.2(b)(iii)(C).

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

This Condition 4.2(b)(vi) applies where the applicable Final Terms specifies: (1) "*Screen Rate Determination*" and "*Overnight Rate*" to be 'Applicable'; (2) "*Compounded Daily SOFR*" as the Reference Rate; and (2) "*Index Determination*" to be 'Applicable'.

(A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 4.2(c) and as provided below, be the Compounded SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

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

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

where:

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

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

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

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

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

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

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

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

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

(B) If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded SOFR for the applicable Interest Accrual Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined in accordance with Condition 4.2(b)(v) above as if "*Index Determination*" were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (i) the "*Observation Method*" shall be deemed to be "*Observation Shift*" and (ii) the "*Observation Shift Period*" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

(i) Interest Accrual Period

As used herein, an **Interest Accrual Period** means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Series of Mortgage Covered Bonds becomes due and payable in accordance with Condition 9 (Events of Default) shall be the date on which such Mortgage Covered Bonds become due and payable).

(c) Benchmark Discontinuation

(i) Benchmark Replacement

This Condition 4.2(c)(i) applies to Floating Rate Mortgage Covered Bonds other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

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

(A) Independent Adviser

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.2(c)(i)(B) and, in either case, the applicable Adjustment Spread (in accordance with Condition 4.2(c)(i)(C) and any Benchmark Amendments (in accordance with Condition 4.2(c)(i)(D).

If, notwithstanding the Issuer's reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 4.2(c)(i), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Successor Rate or an Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 4.2(c)(i), the provisions of Condition 4.2(c)(vii) below shall apply.

(B) Successor Rate or Alternative Rate

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

(1) there is a Successor Rate, then such Successor Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 4.2(c)(i)(C) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Mortgage Covered Bonds (subject to the further operation of this Condition 4.2(c)); or

(2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 4.2(c)(i)(C) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Mortgage Covered Bonds (subject to the further operation of this Condition 4.2(c)).

(C) Adjustment Spread

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

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4.2(c) and the Issuer, following consultation with the Independent Adviser (if appointed), determines in good faith (A) that amendments to the Conditions of the Mortgage Covered Bonds and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days or Relevant Screen Page) are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the Benchmark Amendments) and (B) the terms of the Benchmark Amendments, then (subject to Condition 4.2(c)(iv) below the Issuer shall, subject to giving notice thereof in accordance with Condition 4.2(c)(iii), without any requirement for the consent or approval of Mortgage Covered Bondholders, vary the Conditions of the Mortgage Covered Bonds and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents (acting reasonably) would have the effect of (i) exposing the Agents to any liability against

which they have not been indemnified and/or secured and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Agents under the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 4.2(c), the Issuer shall comply with the rules of any stock exchange on which the Mortgage Covered Bonds are for the time being listed or admitted to trading.

(E) Definitions

As used in this Condition 4.2(c)(i):

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(ii) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Independent Adviser or the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(iii) if no such recommendation or option has been made (or made available) under (A) above and if the Issuer, following consultation with the Independent Adviser determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Issuer, in its discretion, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Mortgage Covered Bondholders;

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser or the Issuer, following consultation with the Independent Adviser, determines in accordance with this Condition 4.2(c) has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Mortgage Covered Bonds;

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

(i) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;

(ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued;

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Mortgage Covered Bonds; or

(v) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Calculation Agent, or any Paying Agent to calculate any payments due to be made to any Mortgage Covered Bondholder using the Original Reference Rate (including, without limitation, under the Regulation (EU) 2016/1011 as that Regulation applies in the European Union and/or as it applies in the United Kingdom in the form retained as domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018, as amended, if applicable),

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

(i) in the case of (ii) above, the date of the cessation of the publication of the Original Reference Rate;

(ii) in the case of (iii) above, the discontinuation of the Original Reference Rate; or

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

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

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

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

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

(ii) Benchmark Transition

This Condition 4.2(c)(ii) applies to Floating Rate Mortgage Covered Bonds where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

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

(A) Independent Adviser

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Mortgage Covered Bonds in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 4.2(c)(ii) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes.

Any Benchmark Replacement so determined by the Issuer shall have effect for any subsequent determination of any relevant Rate of Interest (subject to any further application of this Condition 4.2(c)(ii) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If, notwithstanding the Issuer's reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 4.2(c)(ii), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Benchmark Replacement in accordance with this Condition 4.2(c)(ii), the provisions of Condition 4.2(c)(vii) below shall apply.

(B) Benchmark Replacement Conforming Changes

If the Issuer, following consultation with the Independent Adviser (if appointed), considers it is necessary to make Benchmark Replacement Conforming Changes, the Issuer shall, in consultation with the Independent Adviser (if appointed), determine the terms of such Benchmark Replacement Conforming Changes, and (subject to Condition 4.2(c)(iv) below) shall, subject to giving notice in accordance with Condition 4.2(c)(iii) below (but without any requirement for the consent or approval of Mortgage Covered Bondholders), vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents would have the effect of (i) exposing the Agents to any liability against which they have not been indemnified and/or secured and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of Agents in the Agreement and/or the Conditions.

In connection with any such variation in accordance with this Condition 4.2(c)(ii), the Issuer shall comply with the rules of any stock exchange on which the Mortgage Covered Bonds are for the time being listed or admitted to trading.

(C) Definitions

As used in this Condition 4.2(c)(ii):

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

(i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;

(ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

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

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

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

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current

benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

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

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

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

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than (where the Rate of Interest is to be determined pursuant to Condition 4.2(b)(ii)) the Specified Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

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

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

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or

such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

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

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

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

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

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

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

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

(iii) Notices, etc.

The Issuer shall notify the Issuing and Principal Paying Agent, the Calculation Agent (if different from the Agent), the Paying Agents and, in accordance with Condition 14 (Notices), the Mortgage Covered Bondholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), determined under this Condition 4.2(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if any.

(iv) Survival of Original Reference Rate

Without prejudice to the Issuer's obligations under the provisions of this Condition 4.2(c), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b), will continue to apply unless and until the Calculation Agent has been notified, in accordance with Condition 4.2(c)(iii), of (as the case may be):

(1) the Successor Rate or the Alternative Rate (as the case may be), and (in either case) the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 4.2(c)(i); or

(2) the Benchmark Replacement and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 4.2(c)(ii).

(v) Restriction on Independent Adviser and Issuer liability

An Independent Adviser appointed pursuant to this Condition 4.2(c) shall act in good faith.

In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Paying Agents, the Calculation Agent or the Mortgage Covered Bondholders for any determination made by the Issuer or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.2(c).

(vi) Fallbacks

If, following the occurrence of:

(i) a Benchmark Event; or

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

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

(1) (in the case of (i) above) no Successor Rate or Alternative Rate (as applicable) is determined pursuant to Condition 4.2(c)(i) or (as the case may be) a Successor Rate or Alternative Rate (as applicable) is determined, but no Adjustment Spread is determined pursuant to Condition 4.2(c)(i); or

(2) (in the case of (ii) above above) no Benchmark Replacement is determined in accordance with Condition 4.2(c)(ii),

then the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided in Condition 4.2(c) will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 4.2(c), mutatis mutandis, on one or more occasions until:

(1) (in the case of (i) above) a Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments; or

(2) (in the case of (ii) above) the Benchmark Replacement and any Benchmark Replacement Conforming Changes,

have been determined and notified in accordance with this Condition 4.2(c) (and, until such determination and notification (if any), the fallback provisions provided in Condition 4.2(b), will continue to apply).

The Issuer's intention is that, in circumstances where the Issuer has been unable to determine (as applicable) (i) a Successor Rate or Alternative Rate (as applicable) and (in either case) the Adjustment Spread or (ii) the Benchmark Replacement pursuant this Condition 4.2(c), it will elect to re-apply such provisions if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable the Issuer successfully to apply such provisions and determine (as applicable) (a) a Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any) or (b) the Benchmark Replacement and the applicable Benchmark Replacement Conforming Changes (if any).

(vii) Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event

If the Issuer anticipates that a Benchmark Event or a Benchmark Transition Event, as applicable, will or may occur, nothing in these Conditions shall prevent the Issuer (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event or a Benchmark Transition Event, such actions as it considers expedient in order to prepare for applying the provisions of this Condition 4.2(c) (including, without limitation, appointing and consulting with an Independent Adviser, and seeking to identify any Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes, as applicable), provided that no Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes will take effect until the relevant Benchmark Event, or the relevant Benchmark Transition Event and its related Benchmark Replacement Date, as applicable, has occurred.

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

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

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

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

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period and (if the Calculation Agent is a party other than the Principal Paying Agent) shall immediately notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Mortgage Covered Bonds for the relevant Interest Period by applying the Rate of Interest to, in the case of Floating Rate Mortgage Covered Bonds which are (i) represented by a Global Mortgage Covered Bond or (ii) Mortgage Covered Bonds in definitive form, the aggregate outstanding nominal amount of (A) the Mortgage Covered Bonds represented by such Global Mortgage Covered Bond; or (B) such Mortgage Covered Bonds;

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

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

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

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

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

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

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

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" 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_2 will be 30; and

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" 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_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(f) ***Linear Interpolation***

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

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

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

This Condition 4.2(g) applies where the applicable Final Terms specifies both "Screen Rate Determination" and "Term Rate" to be "Applicable".

Except where the applicable Final Terms specifies both "Screen Rate Determination" and "Overnight Rate" to be "Applicable", the Calculation Agent will cause the Rate of Interest and each Interest Amount

for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Mortgage Covered Bonds are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Mortgage Covered Bonds are for the time being listed and to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices). For the purposes of this paragraph, the expression London Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

Where the applicable Final Terms specifies both "Screen Rate Determination" and "Overnight Rate" to be "Applicable", the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Mortgage Covered Bonds are for the time being listed (by no later than the first day of each Interest Accrual Period) and notice thereof to be published in accordance with Condition 14 (Notices) as soon as possible after their determination but in no event later than the second Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Accrual Period. Any such amendment or alternative arrangements will promptly be notified to each stock exchange on which the relevant Floating Rate Mortgage Covered Bonds are for the time being listed and to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices).

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

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2(h) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the other Paying Agents and all Mortgage Covered Bondholders and (in the absence of wilful default or gross negligence or fraud) no liability to the Issuer, the Trustee, the Mortgage Covered Bondholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of Interest

Subject as provided in Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the Event of Extension of Maturity of the Mortgage Covered Bonds up to the Extended Maturity*), each Mortgage Covered Bond (or, in the case of the redemption of part only of a Mortgage Covered Bond, that part only of such Mortgage Covered Bond) will cease to bear interest (if any) from the date of its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Mortgage Covered Bond have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Mortgage Covered Bond has been received by the Principal Paying Agent, the Registrar or the Trustee, as the case may be, and notice to that effect has been given to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices).

4.4 Interest Rate and Payments from the Maturity Date in the Event of Extension of Maturity of the Mortgage Covered Bonds up to the Extended Maturity Date

(a) If the maturity of a Series of Mortgage Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.9 (Extension of Maturity up to Extended Maturity Date), the Mortgage Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which

the Mortgage Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Condition 4.3 (Accrual of Interest). In that event, interest shall be payable on those Mortgage Covered Bonds at the rate determined in accordance with Condition 4.4(b) on the principal amount outstanding of the Mortgage Covered Bonds in arrear on the Interest Payment Date(s) in each month after the Maturity Date to the Extended Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, or the Extended Maturity Date, as applicable. The final Interest Payment Date shall fall no later than on the Extended Maturity Date.

(b) If the maturity of a Series of Mortgage Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.9 (Extension of Maturity up to Extended Maturity Date), the rate of interest payable from time to time in respect of the principal amount outstanding of the Mortgage Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, or the Extended Maturity Date, as applicable, will be as specified in the applicable Final Terms and, in the case of Floating Rate Mortgage Covered Bonds determined by the Calculation Agent two Business Days after the Maturity Date in respect of the first such Interest Period and, thereafter as specified in the applicable Final Terms.

(c) In the case of Mortgage Covered Bonds which are Zero Coupon Mortgage Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 4.4 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(d) This Condition 4.4 shall only apply to Mortgage Covered Bonds if the maturity of the Mortgage Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with Condition 6.9 (Extension of Maturity up to Extended Maturity Date).

5. Payments

5.1 Method of Payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and

(b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation) and (b) 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law or regulation implementing an intergovernmental approach thereto.

5.3 Payments in Respect of Mortgage Covered Bonds

Payments of principal in respect of each Mortgage Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Mortgage Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Mortgage Covered Bond appearing in the register of holders of the Mortgage Covered Bonds maintained by the Registrar (the **Register**) (a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream,

Luxembourg are open for business) before the relevant due date, and (b) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Mortgage Covered Bonds held by a holder is less than USD250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Mortgage Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Mortgage Covered Bond appearing in the Register (a) where in global form, at the close of the 15th business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) where in definitive form, at the close of business on the 15th day (whether or not such 15th day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Mortgage Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Mortgage Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Mortgage Covered Bond on redemption will be made in the same manner as payment of the principal amount of such Mortgage Covered Bond.

Holders of Mortgage Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Mortgage Covered Bond as a result of a cheque posted in accordance with this Condition 5.3 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Mortgage Covered Bonds.

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

5.4 General Provisions Applicable to Payments

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

5.5 Payment Day

If the date for payment of any amount in respect of any Mortgage Covered Bond is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (Prescription)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

(i) in the case of Mortgage Covered Bonds in definitive form only, in the relevant place of presentation;

(ii) in each Additional Financial Centre (other than T2) specified in the applicable Final Terms;

(b) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (ii) in relation to any sum payable in euro, a day on which T2 is open.

5.6 Interpretation of Principal and Interest

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

(a) any additional amounts which may be payable with respect to principal under Condition 7 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Mortgage Covered Bonds;

(c) the Early Redemption Amount of the Mortgage Covered Bonds;

(d) the Optional Redemption Amount(s) (if any) of the Mortgage Covered Bonds; and

(e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Mortgage Covered Bonds.

Any reference in the Conditions to interest in respect of the Mortgage Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. Redemption and Purchase

6.1 Redemption at Maturity

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

6.2 Redemption for Tax Reasons

Subject to Condition 6.5 (Early Redemption Amounts), the Mortgage Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Mortgage Covered Bond is not a Floating Rate Mortgage Covered Bond) or on any Interest Payment Date (if this Mortgage Covered Bond is a Floating Rate Mortgage Covered Bond), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14 (Notices), the Mortgage Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Mortgage Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (Taxation)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Mortgage Covered Bonds; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Mortgage Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee/Principal Paying Agent to make available at its specified office to the Mortgage Covered Bondholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Mortgage Covered Bondholders.

Mortgage Covered Bonds redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 (Early Redemption Amounts) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption Due to Illegality or Invalidity

(a) The Mortgage Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Principal Paying Agent, the Registrar (if applicable) and, in accordance with Condition 14 (Notices), all Mortgage Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Mortgage Covered Bond of any Series, become unlawful for the Issuer to allow to remain outstanding any Mortgage Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

(b) Mortgage Covered Bonds redeemed pursuant to Condition 6.3(a) will be redeemed at their Early Redemption Amount referred to in Condition 6.5 (Early Redemption Amounts) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.4 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

(a) not less than 15 or more than 30 days' notice to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices); and

(b) not less than 15 days before the giving of the notice referred to in paragraph (a) above, notice to the Trustee and to the Agents,

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Mortgage Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with

interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Mortgage Covered Bonds, the Mortgage Covered Bonds to be redeemed (**Redeemed Mortgage Covered Bonds**) will (i) in the case of Redeemed Mortgage Covered Bonds represented by definitive Mortgage Covered Bonds, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Mortgage Covered Bonds represented by a Global Mortgage Covered Bond, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Mortgage Covered Bonds represented by definitive Mortgage Covered Bonds, a list of the serial numbers of such Redeemed Mortgage Covered Bonds will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Mortgage Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices) at least five days prior to the Selection Date.

6.5 Early Redemption Amounts

For the purpose of Conditions 6.2 (Redemption for Tax Reasons) and 6.3 (Redemption Due to Illegality or Invalidity) above and Condition 9 (Events of Default), each Mortgage Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

(a) each Mortgage Covered Bond (other than a Zero Coupon Mortgage Covered Bond) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Mortgage Covered Bond will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

6.6 Purchases

The Issuer or any holding company of the Issuer or any Subsidiary of the Issuer or such holding company may at any time purchase Mortgage Covered Bonds at any price in the open market or

otherwise. The Issuer may hold, resell or, at its option, surrender (if applicable) any Mortgage Covered Bonds which have been purchased by the Issuer or any holding company of the Issuer or any Subsidiary of the Issuer or such holding company for cancellation in accordance with Condition 6.7 (Cancellation).

For the purposes of these Conditions, **Subsidiary** means any corporation or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes shall or might have voting power upon the occurrence of any contingency).

6.7 Cancellation

All Mortgage Covered Bonds that are redeemed will forthwith be cancelled. All Mortgage Covered Bonds so cancelled and any Mortgage Covered Bonds purchased and surrendered to be cancelled pursuant to Condition 6.6 (Purchases) above shall be forwarded to the Principal Paying Agent or, as the case may be, the Registrar and cannot be reissued or resold.

6.8 Late Payment on Zero Coupon Mortgage Covered Bonds

If the amount payable in respect of any Zero Coupon Mortgage Covered Bond upon redemption of such Zero Coupon Mortgage Covered Bond pursuant to Condition 6.1 (Redemption at Maturity), 6.2 (Redemption for Tax Reasons), 6.4 (Redemption at the Option of the Issuer (Issuer Call)) or 6.5 (Early Redemption Amounts) above or upon its becoming due and repayable as provided in Condition 9 (Events of Default) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Mortgage Covered Bond shall be the amount calculated as provided in Condition 6.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Mortgage Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Mortgage Covered Bond have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Mortgage Covered Bonds has been received by the Principal Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices).

6.9 Extension of Maturity up to Extended Maturity Date

(a) If:

(i) the Issuer or the Covered Block Administrator (as defined below) fails, not at its discretion, to redeem all Mortgage Covered Bonds of a Series (the **Relevant Series**) in full on the Maturity Date or within 14 Business Days thereafter; or

(ii) any circumstance set out in Section 32a(1)(a) to 32a(1)(d) (inclusive) of the Czech Bonds Act occurs in relation to the Issuer; or

(iii) a crisis resolution measure (*opatření k řešení krize*) is imposed in respect of the Issuer or a write down or conversion of eligible capital instruments and eligible intragroup liabilities (*odpis nebo konverze odepisovatelných kapitálových nástrojů a vnitroskupinových závazků*) is adopted against the Issuer in accordance with the applicable law relating to recovery and resolution in the financial markets; or

(iv) any circumstance set out in Article 54(1)(a)(i) or Article 54(1)(a)(ii) of the CRR occurs in relation to the Issuer; or

(v) the Issuer does not meet the liquidity cover pool buffer requirements set out in Section 28aa of the Czech Bonds Act or it would, as a result of redeeming all of the Mortgage

Covered Bonds in full on the Maturity Date, fail to comply with the liquidity requirements set out in the directly applicable EU act,

the maturity of the principal amount outstanding of the Mortgage Covered Bonds of the Relevant Series and the date on which such principal amount outstanding of the Mortgage Covered Bonds of the Relevant Series will be due and repayable for the purposes of these Conditions will be automatically extended up to (and including) the Extended Maturity Date. In that event, the Issuer may, and if the CNB has appointed the Covered Block Administrator and to the extent there are sufficient monies available in the International Covered Block, and it is permitted by the applicable law, the Covered Block Administrator shall, redeem all or any part of the principal amount outstanding of the Mortgage Covered Bonds on any Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms.

(b) The Issuer or the Covered Block Administrator, as applicable, shall give to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices), the Transfer Agents and the Paying Agents (copying the Trustee) notice as to whether or not it shall redeem the principal amount outstanding of the Mortgage Covered Bonds in full or in part at least five Business Days prior to the Maturity Date or the relevant Interest Payment Date, as applicable. Any failure by the Issuer or the Covered Block Administrator, as applicable, to notify such persons shall not affect the validity or effectiveness of any extension of the maturity of the Mortgage Covered Bonds to the Extended Maturity Date or redemption by the Issuer or the Covered Block Administrator, as applicable, on the relevant Interest Payment Date, as applicable, or give rise to rights to any such person. Accordingly, such Paying Agent will notify Clearstream, Luxembourg and Euroclear of the Issuer's or the Covered Block Administrator's, as applicable, intention to redeem the Mortgage Covered Bonds in whole, redeem the Mortgage Covered Bonds in part or extend the Maturity Date, promptly upon receipt of such instruction from the Issuer or the Covered Block Administrator, as applicable (and in any event by no later than three Business Days prior to the Maturity Date of the Mortgage Covered Bonds or the relevant Interest Payment Date, as applicable). For the avoidance of doubt, if the Paying Agents have not received a notice from the Issuer or the Covered Block Administrator, as applicable, in accordance with this Condition 6.9(a), the relevant Paying Agent shall endeavour to notify Euroclear and Clearstream, Luxembourg that the Relevant Series of Mortgage Covered Bonds will not be redeemed on the Maturity Date and/or the relevant Interest Payment Date, as the case may be.

(c) In the case of Mortgage Covered Bonds which are Zero Coupon Mortgage Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 6.9, the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(d) Any extension of the maturity of Mortgage Covered Bonds under this Condition 6.9 shall be irrevocable. Any failure to redeem the Mortgage Covered Bonds on the Maturity Date (except where the Issuer has given notice in accordance with Condition 6.9(a) that it will redeem the Mortgage Covered Bonds) or any extension of the maturity of Mortgage Covered Bonds to the Extended Maturity Date under this Condition 6.9 shall constitute an Issuer Event of Default (as defined in Condition 9.1 (Issuer Events of Default)), but it shall not give any Mortgage Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Mortgage Covered Bonds other than as expressly set out in these Conditions and, for the avoidance of doubt, shall not itself constitute a breach of the Conditions by the Issuer or give any Mortgage Covered Bondholder any right to seek damages from the Issuer or any other person.

(e) In the event of the extension of the maturity of Mortgage Covered Bonds under this Condition 6.9, interest rates, interest periods and interest payment dates on the Mortgage Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4.4 (Interest Rate and Payments from the Maturity Date in the Event of Extension of Maturity of the Mortgage Covered Bonds up to the Extended Maturity Date).

(f) If the Issuer or the Covered Block Administrator, as applicable, redeems part and not all of the principal amount outstanding of Mortgage Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied, to the extent permitted by the applicable law, rateably across the Mortgage Covered Bonds and the principal amount outstanding on the Mortgage Covered Bonds shall be reduced by the level of that redemption.

In these Conditions:

Covered Block Administrator means the involuntary covered block administrator (in Czech, *nucený správce krytých bloků*) within the meaning of the Czech Act on Bonds appointed in respect of the Issuer.

International Covered Block means the covered block within the meaning of the Czech Act on Bonds which is formed by the International Cover Pool and the debts that the International Cover Pool covers.

7. Taxation

The Issuer will be liable as withholding agent for and bear 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, premium (if any) or any amounts payable in respect of the Mortgage Covered Bonds as well as (ii) the granting of any Tax Relief. Accordingly, before any Tax Relief can be granted, the Issuer will require, unless waived in accordance with this Condition 7 (Taxation), 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 Mortgage Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without any deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed under any applicable law by or within the Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Mortgage Covered Bonds after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Mortgage Covered Bonds, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Mortgage Covered Bond:

(a) presented for payment in any Tax Jurisdiction;

(b) the Beneficial Owner of which is liable for such taxes or duties in respect of such Mortgage Covered Bond by reason of having some connection with the Tax Jurisdiction other than that under point (f) below;

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5.5 (Payment Day));

(d) where any such withholding or deduction for or on account of Taxes in respect of such Mortgage Covered Bond 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) which is a Zero Coupon Mortgage Covered Bond;

(f) the Beneficial Owner of which is a Czech Tax Resident individual; or

(g) the Beneficial Owner of which is a Person Related Through Capital with the Issuer.

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 (e) above, the Issuer will withhold (i) 35% Withholding Tax from any payment of interest on such Mortgage Covered Bond and (ii) if the Mortgage Covered Bonds are issued at a price lower than its principal amount (i.e. below par), 1% Tax Security from any payment of principal on such Mortgage Covered Bond 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 7 (Taxation) to the benefit of the Beneficial Owners by giving notice to Mortgage Covered Bondholders in accordance with Condition 14 (Notices).

In connection with any refund provided as part of the Standard Refund Procedure (as defined in the Certification Procedures), the Issuer may from the relevant payment a fee calculated as the sum of (a) a fixed amount specified in the Final Terms and (b) any administrative fees, penalties, interest or similar costs such Issuer may incur in connection with the refund (in each case, plus any applicable value added tax).

Notwithstanding anything to the contrary in this Condition 7, 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 5.2 (Payments Subject to Fiscal and Other Laws)).

If the Issuer becomes subject generally to any taxing jurisdiction other than the Tax Jurisdiction, references in this Condition 7 (Taxation) to Tax Jurisdiction shall, subject to clause 13.11 of the Trust Deed, be construed as references to the Czech Republic and/or such other jurisdiction or, in each case, any political subdivision or any authority thereof or therein having power to tax.

See section "Taxation" for a fuller description of certain tax considerations relating to the Mortgage Covered Bnds and the formalities which Mortgage Covered Bondholders 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 7 (Taxation), where applicable.

As used herein:

(i) **Beneficial Owner** means a holder of a Mortgage Covered Bond 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 Mortgage Covered Bond or a recipient of such income who qualifies as a beneficial owner within the above meaning;

(ii) **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 Mortgage Covered Bond (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;

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

(iv) **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);

(v) **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);

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

(vii) **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);

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

(ix) **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;

(x) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices);

(xi) **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 Mortgage Covered Bonds become generally subject;

(xii) **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;

(xiii) **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);

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

(xv) **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.

8. Prescription

The Mortgage Covered Bonds will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (Taxation)) therefor. Any moneys paid by the Issuer to the Principal Paying Agent for the payment of principal or interest in respect of the Mortgage Covered Bonds and remaining unclaimed for two years after the date on which such principal or interest shall have become due shall (at the Issuer's request) be repaid by the Principal Paying Agent to the Issuer, and the holders of the relevant Mortgage Covered Bonds shall thereafter only look to the Issuer for any payment which such holders may be entitled to collect.

9. Events of Default

9.1 Issuer Events of Default

If any one or more of the following events (each an **Issuer Event of Default**) shall occur and be continuing:

(a) non-payment by the Issuer of any amount of the interest in respect of any Mortgage Covered Bonds of any Series within seven Business Days from the date when such obligations became due;

(b) non-payment by the Issuer of any amount of the principal in respect of any Mortgage Covered Bonds of any Series within 14 Business Days from their Maturity Date (including, without limitation, in the event of any extension of the maturity of Mortgage Covered Bonds to the Extended Maturity Date under Condition 6.9 (Extension of Maturity up to Extended Maturity Date);

(c) the Issuer has (i) ceased to be licensed to operate as a bank, (ii) ceased to be authorised to issue mortgage covered bonds (in Czech, *hypoteční zástavní listy*), or (iii) ceased or threatened to cease to carry on all or substantially all of its business or operate as a bank;

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

(e) the Issuer fails to comply with, perform or observe any of its other Significant Obligations and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) such failure continues and remains unremedied for a period of 45 calendar days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; for the purposes this paragraph (e), **Significant Obligations** means any material (in the opinion of the Trustee) obligations of the Issuer as set out in the Trust Deed, the Conditions, the Agency Agreement, the Programme Agreement and the Asset Monitor Agreement; or

(f) a breach of the Contractual Asset Cover Test with respect to the International Cover Pool for a period longer than one month,

the Issuer must not issue any Czech Mortgage Covered Bonds which have the benefit of the International Cover Pool, unless an Issuer Event of Default under paragraph (b) above has occurred and is continuing and no other Issuer Event of Default has occurred and is continuing, in which case the Issuer shall be authorised to issue further Czech Mortgage Covered Bonds if the proceeds of their issue are applied by the Issuer on issue in full in redeeming in whole or in part the relevant Mortgage Covered Bonds in accordance with the terms hereof.

9.2 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25% in nominal amount of the Mortgage Covered Bonds then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to below means the Mortgage Covered Bonds of all Series then

outstanding as if they were a single Series (with the nominal amount of Mortgage Covered Bonds not denominated in euro converted into euro at the Relevant Exchange Rate)) or if so directed by an Extraordinary Resolution of the Mortgage Covered Bondholders of all Series, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice in writing to the Issuer that each Mortgage Covered Bond is, and each Mortgage Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

(a) the Issuer or the Covered Block Administrator (if relevant) fails to pay:

(i) any amount of the interest in respect of any Mortgage Covered Bonds of any Series within 14 Business Days from the date when such obligations became due; or

(ii) any amount of the principal in respect of any Mortgage Covered Bonds of any Series within 14 Business Days from their Extended Maturity Date; or

(b) the Issuer fails to comply with the Statutory Tests for a period longer than three months.

In this Condition 9, **Relevant Exchange Rate** means the equivalent in euro determined by the Principal Paying Agent: (i) in the case of Czech Koruna, at the rate available from the website of the Czech National Bank (currently located at www.cnb.cz) or any successor source for the conversion of Czech Koruna into euro; and (ii) in the case of any other currency, at the rate specified as the FX Fix rate available from Reuters or any successor rate displayed by Reuters or, if Reuters is not showing such rate, an alternative rate from a recognised market source for the conversion of the relevant currency or currencies into euro, in each case on the Business Day on which the direction or request from the Mortgage Covered Bondholders is received by the Trustee.

10. Enforcement

The Trustee, at its discretion and without notice, may take such steps or proceedings against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Mortgage Covered Bonds, the Agency Agreement or the Asset Monitor Agreement; but the Trustee shall not be bound to take any such steps or proceedings unless so requested in writing by the holders of at least 25% in nominal amount of the Mortgage Covered Bonds then outstanding (which for this purpose and the purpose of any Extraordinary Resolution referred to below means the Mortgage Covered Bonds of all Series then outstanding as if they were a single Series (with the nominal amount of Mortgage Covered Bonds not denominated in euro converted into euro at the Relevant Exchange Rate)) or if so directed by an Extraordinary Resolution of the Mortgage Covered Bondholders of all Series (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction).

No Mortgage Covered Bondholder shall be entitled to proceed directly against the Issuer or to take any action with respect to the Trust Deed, the Mortgage Covered Bonds unless the Trustee, having become bound so to proceed or to take such action, fails to do so within a reasonable period (including where it is unable to take such action) and such failure or inability shall be continuing.

11. Replacement of Mortgage Covered Bonds

Should any Mortgage Covered Bond be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Mortgage Covered Bonds must be surrendered before replacements will be issued.

12. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B – Other Information of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Mortgage Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe approved by the Trustee, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (General Provisions Applicable to Payments). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Mortgage Covered Bondholders promptly by the Issuer in accordance with Condition 14 (Notices).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Mortgage Covered Bondholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. Issuer Covenants

Pursuant to the Trust Deed, the Issuer covenants in favour of the Trustee on behalf of the Mortgage Covered Bondholders that it will adhere to certain requirements in connection with the value and maintenance of the International Cover Pool and its compliance with certain key obligations imposed on it under the Czech Bonds Act, the CNB Decree and the CRR.

Specifically, the Issuer covenants, among other things, to ensure that it does not breach the Statutory Tests and the Contractual Asset Cover Test.

In addition, the Issuer also covenants to provide any Mortgage Covered Bondholder, upon its written request, with any report prepared by the Asset Monitor pursuant to the Asset Monitor Agreement.

In these Conditions:

Asset Monitor means Deloitte Audit s.r.o. or any other entity appointed as asset monitor in accordance with the Asset Monitor Agreement;

Asset Monitor Agreement means the asset monitor agreement entered into on 4 January 2021, between the Asset Monitor, the Issuer and the Trustee, as amended and/or supplemented and/or restated from time to time; and

CRR means Regulation No. 575/2013 of the European Parliament and the Council of 26 June 2013, on Prudential Requirements for Credit Institutions and Investment Firms.

14. Notices

If and for so long as any Mortgage Covered Bonds are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, and listed on the Official List of the Luxembourg Stock Exchange, all notices shall be published on the Luxembourg Stock Exchange's website (www.luxse.com). If any Mortgage Covered Bonds are listed on another stock exchange or admitted to trading by another relevant authority, the notices regarding such Mortgage Covered Bonds will be published in such manner as the rules of that stock exchange or relevant authority so require and such notices will be published in a daily newspaper of general circulation in the place or places required by those rules. If Mortgage Covered Bonds are not so listed or admitted to trading, all notices regarding the Mortgage

Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing.

Until such time as any definitive Mortgage Covered Bonds are issued, there may, so long as any Global Mortgage Covered Bonds representing the Mortgage Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Mortgage Covered Bonds and, in addition, for so long as any Mortgage Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Mortgage Covered Bonds on the day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Mortgage Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Mortgage Covered Bond in definitive form) with the relative Mortgage Covered Bond or Mortgage Covered Bonds, with the Registrar. While any of the Mortgage Covered Bonds are represented by a Global Mortgage Covered Bond, such notice may be given by any holder of a Mortgage Covered Bond to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Mortgage Covered Bondholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Mortgage Covered Bondholders of one or more Series (including by way of audio or video conference calls) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Mortgage Covered Bonds or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Mortgage Covered Bondholders holding not less than 10% in nominal amount of the Mortgage Covered Bonds of the relevant Series for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons or, if the relevant Series is held by one Mortgage Covered Bondholder only, one or more persons, holding or representing not less than 50% in nominal amount of the Mortgage Covered Bonds of the relevant Series for the time being outstanding, or at any adjourned meeting two or more persons or, if the relevant Series is held by one Mortgage Covered Bondholder only, one or more persons, being or representing Mortgage Covered Bondholders of the relevant Series whatever the nominal amount of the Mortgage Covered Bonds of the relevant Series so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Mortgage Covered Bonds of the relevant Series or the Trust Deed (including modifying the date of maturity of the Mortgage Covered Bonds of the relevant Series or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Mortgage Covered Bonds of the relevant Series or altering the currency of payment of the Mortgage Covered Bonds of the relevant Series) the quorum shall be two or more persons or, if the relevant Series is held by one Mortgage Covered Bondholder only, one or more persons, holding or representing not less than two-thirds in nominal amount of the Mortgage Covered Bonds of the relevant Series for the time being outstanding, or at any adjourned such meeting two or more persons or, if the relevant Series is held by one Mortgage Covered Bondholder only, one or more persons, holding or representing not less than one-third in nominal amount of the Mortgage Covered Bonds of the relevant Series for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of all of the holders of not less than three-quarters in nominal amount of the Mortgage Covered Bonds for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-quarters in nominal amount of the Mortgage Covered Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Mortgage Covered Bondholders. An Extraordinary Resolution passed at any meeting of the Mortgage Covered Bondholders of the relevant Series shall be binding on all the Mortgage Covered Bondholders of such Series, whether or not they are present at any meeting and whether or not they voted on the resolution.

The Trust Deed provides that:

(a) subject to paragraph (d) below, a resolution which, in the opinion of the Trustee, affects the interests of the Mortgage Covered Bondholders of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the Mortgage Covered Bondholders of such Series;

(b) subject to paragraph (d) below, a resolution which, in the opinion of the Trustee, affects the interests of the Mortgage Covered Bondholders of more than one Series but does not give rise to a conflict of interest between the Mortgage Covered Bondholders of any of the affected Series shall be deemed to have been duly passed at a single meeting of the Mortgage Covered Bondholders of the affected Series;

(c) subject to paragraph (d) below, a resolution which, in the opinion of the Trustee, affects the interests of the Mortgage Covered Bondholders of more than one Series and gives or may give rise to a conflict of interest between the Mortgage Covered Bondholders of any of the affected Series shall be deemed to have been duly passed only if passed at separate meetings of the Mortgage Covered Bondholders of the affected Series; and

(d) a Programme Resolution (as defined in the Trust Deed) shall be deemed to have been duly passed only if passed at a single meeting of the Mortgage Covered Bondholders of all Series.

In connection with any meeting of the holders of Mortgage Covered Bonds of more than one Series where such Mortgage Covered Bonds are not denominated in euro, the nominal amount of the Mortgage Covered Bonds of any Series not denominated in euro shall be converted into euro at the Relevant Exchange Rate. Where **Relevant Exchange Rate** means the equivalent in euro determined by the Principal Paying Agent: (i) for conversion of Czech Koruna into euro, at the rate available from the website of the Czech National Bank (currently located at www.cnb.cz) or any successor source for the conversion of Czech Koruna into euro; and (ii) for the conversion of any other currency into euro, at the rate specified as the FX Fix rate available from Reuters or any successor rate displayed by Reuters or, if Reuters is not showing such rate, an alternative rate from a recognised market source for the conversion of the relevant currency or currencies into euro, in each case on the seventh Business Day prior to the day of such meeting.

The Trustee may agree, without the consent of the Mortgage Covered Bondholders of any Series, to any modification of (other than in relation to a Series Reserved Matter (as defined in the Trust Deed)), or to the waiver or authorisation of any breach, or proposed breach, of any of the provisions of the Mortgage Covered Bonds, the Programme Agreement, the Asset Monitor Agreement, the Agency Agreement or the Trust Deed, or determine, without any such consent as aforesaid, that any Issuer Event of Default, Event of Default, potential Issuer Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Mortgage Covered Bondholders of the relevant Series so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error, or an error which, in the opinion of the Trustee, is proven. Any such modification, waiver, authorisation or determination shall be binding on the Mortgage Covered Bondholders and any such modification, waiver, authorisation or determination shall be notified by the Issuer to the Mortgage Covered Bondholders in accordance with Condition 14 (Notices) as soon as practicable thereafter.

At the written request of the Issuer, the Trustee shall, without the consent of the Mortgage Covered Bondholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer in making any modification (notwithstanding that such modification may be prejudicial to the interests of the Mortgage Covered Bondholders) to the Conditions, the Trust Deed, the Agency Agreement, the Programme Agreement or the Asset Monitor Agreement (other than a Series Reserved Matter (as defined in the Trust Deed)) provided that the Issuer has certified to the Trustee that:

(a) the updated Rating Agency criteria have been published and the relevant modification to the Conditions or the Trust Deed, as determined by the Issuer, is being made solely to implement and reflect such updated, published Rating Agency criteria; and

(b) the then current ratings (if any) of the Mortgage Covered Bonds of any Series will not be downgraded or withdrawn by the Rating Agency as a result of such modification.

Such certification shall be conclusive and binding on the Trustee, the Mortgage Covered Bondholders, provided that the Trustee shall not be obliged to concur in any modification which, in the opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Trustee under or in relation to the Trust Deed, the Mortgage Covered Bonds. Any such modification shall be binding on the Mortgage Covered Bondholders and shall be notified to the Mortgage Covered Bondholders by the Issuer in accordance with Condition 14 (Notices) as soon as practicable thereafter.

The Issuer is entitled to make any modification to any of the provisions of the Mortgage Covered Bonds, the Agency Agreement, the Programme Agreement, the Asset Monitor Agreement or the Trust Deed to reflect and/or implement:

(a) any new provisions of applicable law or regulation, including the Czech Bonds Act, the CNB Decree, Czech insolvency law and/or the CRR, arising as a consequence of a change in, or any ruling or a change in interpretation of, law or regulation

(b) a requirement imposed by the Czech tax authorities or another competent authority;

(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 involved in the implementation of the Certification Procedures,

and the Trustee shall, without the consent of the Mortgage Covered Bondholders, concur with the Issuer in making such modification (notwithstanding that such modification may be prejudicial to the interests of the Mortgage Covered Bondholders) provided that the Issuer has certified to the Trustee that such modification is being made to reflect and/or implement such new provisions of applicable law or regulation and that, in case of modifications arising as a consequence of changes in other than mandatory provisions of applicable law or regulation, the then current rating (if any) of the Mortgage Covered Bonds of each Series then outstanding would not be adversely affected by such modification and provided further that such modification would not have the effect of (a) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Trustee under or in relation to the Trust Deed, the Mortgage Covered Bonds. Such modification includes, but is not limited to, changes as a result of changes in the Czech Bonds Act, the CNB Decree, the Czech Insolvency Act and/or the CRR. Such certification shall be conclusive and binding on the Trustee, the Mortgage Covered Bondholders. Any such modification shall be binding on the Mortgage Covered Bondholders and shall be notified to Mortgage Covered Bondholders by the Issuer in accordance with Condition 14 (Notices) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Mortgage Covered Bondholders of each Series equally and shall have regard to the interests of the Mortgage Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Mortgage Covered Bondholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Mortgage Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Mortgage Covered Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Mortgage Covered Bondholders except to the extent already provided for in Condition 7 (Taxation) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (Taxation) pursuant to the Trust Deed.

The Trustee may, without the consent of the Mortgage Covered Bondholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 15) as the principal debtor under the Mortgage Covered Bonds and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (i) the Mortgage Covered Bonds being unconditionally and irrevocably guaranteed by the Issuer, (ii) the Trustee being satisfied that the interests of the Mortgage Covered Bondholders of each Series will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

16. Indemnification of the Trustee and Trustee Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Mortgage Covered Bondholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Mortgage Covered Bondholders to create and issue further Mortgage Covered Bonds having terms and conditions the same as the Mortgage Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Mortgage Covered Bonds.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Mortgage Covered Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Submission to Jurisdiction

19.1 Governing Law

The Trust Deed, the Agency Agreement, the Mortgage Covered Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Mortgage Covered Bonds are governed by, and shall be construed in accordance with, English law.

The Mortgage Covered Bonds, although otherwise governed by, and construed in accordance with, English law, will be subject to and will benefit from those provisions of the Czech Bonds Act, the CNB Decree, the Czech Insolvency Act and any other provisions of Czech law applicable to or relevant to the Czech Mortgage Covered Bonds and the International Cover Pool. Therefore, the Mortgage Covered Bonds will need to satisfy requirements of Section 28 *et seq.*, Part 2, Clause III of the Czech Bonds Act and the International Cover Pool and its maintenance will be governed by Czech law. Also, Section 375 of the Czech Insolvency Act and other relevant provisions of the Czech Insolvency Act will apply to the Mortgage Covered Bonds and the International Cover Pool in the case of insolvency proceedings against the Issuer.

19.2 Submission to Jurisdiction

(a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and/or the Mortgage Covered Bonds, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the

consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Mortgage Covered Bonds (a **Dispute**) and accordingly each of the Issuer and any Mortgage Covered Bondholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

19.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, at its registered office for the time being at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom, as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.4 Other Documents

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

FORM OF FINAL TERMS

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Mortgage Covered Bonds 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 (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 Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (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 (as defined below). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Mortgage Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Mortgage Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][8]

[IMPORTANT – UK RETAIL INVESTORS – The Mortgage Covered Bonds 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (**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 Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Mortgage Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Mortgage Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][9]

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Mortgage Covered Bonds has led to the conclusion that: (i) the target market for the Mortgage Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)/MiFID II]; and (ii) all channels for distribution of the Mortgage Covered Bonds to eligible counterparties and professional clients are appropriate. [The target market assessment indicates that Mortgage Covered Bonds are incompatible with the needs, characteristics and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]]. Any person subsequently offering, selling or recommending the Mortgage Covered Bonds (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 Mortgage Covered Bonds (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 Mortgage Covered Bonds has led to the conclusion that: (i) the target market for the Mortgage Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Mortgage Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Mortgage Covered Bonds (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

[8] Legend to be included on front of the Final Terms if the Mortgage Covered Bonds potentially constitute "packaged" products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[9] Legend to be included on front of the Final Terms if the Mortgage Covered Bonds potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

assessment in respect of the Mortgage Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Mortgage Covered Bonds as ["prescribed capital markets products"] (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]/[ ].][10]

Applicable Final Terms

Set out below is the form of the Applicable Final Terms which will be completed for each Tranche of Mortgage Covered Bonds issued under the Programme which (1) have a denomination of EUR100,000 (or its equivalent in any other currency) or more, and/or (2) are to be admitted to trading only on a regulated market.

[*Date*]

Komerční banka, a.s.

Legal Entity Identifier (LEI): [●]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Mortgage Covered Bonds] under the €[●]

Mortgage Covered Bond Programme

Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 3 October 2025 [and the supplement[s] to it dated [*date*]] [and [*date*]] (the **Base Prospectus**) which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**). This document constitutes the Final Terms of the Mortgage Covered Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been be published on the Luxembourg Stock Exchange's website (www.luxse.com). [*The following language should only be included if the relevant Series of the Mortgage Covered Bonds will be admitted to trading on the Luxembourg Stock Exchange:* The Final Terms will also be published on the Luxembourg Stock Exchange's website (www.luxse.com).]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

[When adding any other information consideration should be given as to whether such information constitutes "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]

[*If the Mortgage Covered Bonds have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

[10] For any Mortgage Covered Bonds to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Mortgage Covered Bonds pursuant to Section 309B of the SFA prior to the launch of the relevant offer (*i.e.*, if the Mortgage Covered Bonds are not prescribed capital markets products pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)).

1.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which the Mortgage Covered Bonds will be consolidated and form a single Series:	The Mortgage Covered Bonds will be consolidated and form a single Series with [*Provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [*insert date*]/[the Issue Date]/[Not Applicable]
2.	Specified Currency or Currencies:		[●]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
4.	Issue Price:		[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(a)	Specified Denominations: (As referred to under Condition 1 (Form, Denomination and Title) (this means the minimum integral amount in which transfers can be made)	[●] (*N.B. Mortgage Covered Bonds must have a minimum denomination of €100,000 (or equivalent)*
	(b)	Calculation Amount: (As referred to under Condition 4.1 (Interest on Fixed Rate Mortgage Covered Bonds) and Condition 4.2(e) (Determination of Rate of Interest and calculation of Interest Amounts))	[●] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*)
6.	(a)	Issue Date:	[●]
	(b)	Trade Date:	[●]
	(c)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable] (N.B. An Interest Commencement Date will not be relevant for certain Mortgage Covered Bonds, for example Zero Coupon Mortgage Covered Bonds)

(As referred to under Condition 4.1 (Interest on Fixed Rate Mortgage Covered Bonds) and Condition (a) (Interest Payment Dates))

(i) Period to Maturity Date: [*specify*/Issue Date/Not Applicable]

(ii) Period from Maturity Date to Extended Maturity Date: Maturity Date

(*N.B. An Interest Commencement Date will not be relevant for certain Mortgage Covered Bonds, for example Zero Coupon Mortgage Covered Bonds*)

7. Maturity Date: [*Specify date or for Floating Rate Mortgage Covered Bonds* – Interest Payment Date falling in or nearest to [*specify month and year*]]

8. Extended Maturity Date: The Extended Maturity Date is [●].

In accordance with the Conditions, if (i) the Issuer or the Covered Block Administrator fails, not at its discretion, to redeem all Mortgage Covered Bonds of the Relevant Series in full on the Maturity Date or within 14 Business Days thereafter; or (ii) any circumstance set out in Section 32a(1)(a) to 32a(1)(d) (inclusive) of the Czech Bonds Act occurs in relation to the Issuer; or (iii) a crisis resolution measure (*opatření k řešení krize*) is imposed in respect of the Issuer or a write down or conversion of eligible capital instruments and eligible intragroup liabilities (*odpis nebo konverze odepisovatelných kapitálových nástrojů a vnitroskupinových závazků*) is adopted against the Issuer in accordance with the applicable law relating to recovery and resolution in the financial markets; or (iv) any circumstance set out in Article 54(1)(a)(i) or Article 54(1)(a)(ii) of the CRR occurs in relation to the Issuer; or (v) the Issuer does not meet the liquidity cover pool buffer requirements set out in Section 28aa of the Czech Bonds Act or it would, as a result of redeeming all of the Mortgage Covered Bonds in full on the Maturity Date, fail to comply with the liquidity requirements set out in the directly applicable EU act, the maturity of the principal amount outstanding of the Mortgage Covered Bonds of the Relevant Series will automatically be extended up to the Extended Maturity Date and such extension shall constitute an Issuer Event of Default (as defined in Condition 9.1 (Issuer Events of Default)), but it shall not

			give any Mortgage Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Mortgage Covered Bonds other than as expressly set out in the Conditions and, for the avoidance of doubt, shall not itself constitute a breach of the Conditions by the Issuer or give any Mortgage Covered Bondholder any right to seek damages from the Issuer or any other person. In that event, the interest rate payable on, and the interest periods and Interest Payment Dates, in respect of the Mortgage Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may and, if the CNB has appointed the Covered Block Administrator and to the extent there are sufficient monies available in the International Covered Block and it is permitted by the applicable law, the Covered Block Administrator shall, redeem all or part of the principal amount outstanding of those Mortgage Covered Bonds on an Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date, all in accordance with the Conditions. See Conditions 4.4 (Interest Rate and Payments from the Maturity Date in the Event of Extension of Maturity of the Mortgage Covered Bonds up to the Extended Maturity Date) and 6.9 (Extension of Maturity up to Extended Maturity Date).
9.	Interest Basis:		
	(As referred to under Condition 4 (Interest))		
	(a)	Period to (and including) Maturity Date:	[[●]% Fixed Rate] [[ ] month [EURIBOR/PRIBOR/Compounded Daily SONIA/Compounded Daily SOFR/ Weighted Average SOFR] +/- [ ]% Floating Rate] [Zero Coupon] (further particulars specified below)
	(b)	Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date:	[[●]% Fixed Rate] [[ ] month [EURIBOR/PRIBOR/Compounded Daily SONIA/Compounded Daily SOFR/ Weighted Average SOFR]

		+/- [ ]% Floating Rate]
		(further particulars specified below)
10.	Redemption[/Payment] Basis: (As referred to under Condition 6 (Redemption and Purchase))	Subject to any purchase and cancellation or early redemption, the Mortgage Covered Bonds will be redeemed on the Maturity Date (or, if applicable, the Extended Maturity Date) at [●]% of their nominal amount
11.	Change of Interest Basis: (As referred to under Condition 4 (Interest))	[Specify the date when any fixed to floating rate change occurs (or *vice* versa) or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]
12.	Issuer Call: (As referred to under Condition 6.4 *(*Redemption at the Option of the Issuer (Issuer Call)))	[Applicable/Not Applicable] [(further particulars specified below)]

Provisions Relating to Interest (if any) Payable

13.	Fixed Rate Mortgage Covered Bond Provisions (As referred to under Condition 4.1 (Interest on Fixed Rate Mortgage Covered Bonds))			[Applicable/Not Applicable]
	(a)	To Maturity Date:		[Applicable/Not Applicable]
	(b)	From Maturity Date up to Extended Maturity Date:		[Applicable/Not Applicable] (*If (a) and (b) above are not applicable, delete the remaining subparagraphs of this paragraph*)
		(i)	Rate(s) of Interest:	
			(A) To Maturity Date:	[Not Applicable/[●]% per annum payable in arrear on each Interest Payment Date]
			(B) From Maturity Date up to Extended Maturity Date:	[Not Applicable/[●]% per annum payable in arrear on each Interest Payment Date]
		(ii)	Interest Payment Date(s):	
			(A) To Maturity Date:	[Not Applicable/[●] in each year up to and including the Maturity Date/specify other] (*Amend to indicate each Interest Payment Date in the case of irregular coupons*)
			(B) From Maturity Date up to Extended Maturity Date:	[Not Applicable/[●] in each month up to and including the Extended Maturity Date/*specify other]*

			(*Amend to indicate each Interest Payment Date in the case of irregular coupons*)
	(iii)	Fixed Coupon Amount(s):	
		(A) To Maturity Date:	[Not Applicable/[●] per Calculation Amount]
		(B) From Maturity Date up to Extended Maturity Date:	[Not Applicable/[●] per Calculation Amount]
	(iv)	Broken Amount(s):	
		(*Applicable to Mortgage Covered Bonds in definitive form*)	
		(A) To Maturity Date:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
		(B) From Maturity Date up to Extended Maturity Date:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v)	Day Count Fraction:	
		(A) To Maturity Date:	[30/360/Actual/Actual (ICMA)/Not Applicable]
		(B) From Maturity Date up to Extended Maturity Date:	[30/360/Actual/Actual (ICMA)/Not Applicable]
	(vi)	Determination Date(s):	
		(A) To Maturity Date:	[[●] in each year/Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
		(B) From Maturity Date up to Extended Maturity Date:	[[●] in each year/Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
14.	Floating Rate Mortgage Covered Bond Provisions		[Applicable/Not Applicable]
	(As referred to under Condition 4.2 (Interest on Floating Rate Mortgage Covered Bonds))		
	(a)	To Maturity Date:	[Applicable/Not Applicable]
	(b)	From Maturity Date up to Extended Maturity Date:	[Applicable/Not Applicable]

(*If (a) and (b) above are not applicable, delete the remaining subparagraphs of this paragraph*)

(i)	Specified Period(s)/Specified Interest Payment Dates:		
	(A)	To Maturity Date:	[[●][, subject to adjustment in accordance with the Business Day Convention set out in (ii) below /, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]/Not Applicable]
	(B)	From Maturity Date up to Extended Maturity Date:	[[●][, subject to adjustment in accordance with the Business Day Convention set out in (ii) below /, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]/Not Applicable]
(ii)	Business Day Convention:		
	(A)	To Maturity Date:	[Not Applicable/Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(B)	From Maturity Date up to Extended Maturity Date:	[Not Applicable/Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iii)	Additional Business Centre(s):		
	(A)	To Maturity Date:	[[●]/Not Applicable]
	(B)	From Maturity Date up to Extended Maturity Date:	[[●]/Not Applicable]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:		
	(A)	To Maturity Date:	[Not Applicable/Screen Rate Determination/ISDA Determination]
	(B)	From Maturity Date up to Extended Maturity Date:	[Not Applicable/Screen Rate Determination/ISDA Determination]

(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) [and address]:	[Not Applicable/[●] (the **Calculation Agent**)]
(vi)	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(A) To Maturity Date:	[Applicable/Not Applicable]
	• Reference Rate:	[ ] month [EURIBOR]/ [PRIBOR]/[Compounded Daily SONIA]/[Compounded Daily SOFR]/[Weighted Average SOFR]
	• Term Rate:	[Applicable/Not Applicable]
	• Overnight Rate:	[Applicable/Not Applicable]
	• Index Determination:	[Applicable/Not Applicable]
	• Relevant Number:	[[5/[ ]] [[London Banking Days]/[U.S. Government Securities Business Days]/[Not Applicable] (*If "Index Determination" is "Not Applicable", delete "Relevant Number" and complete the remaining bullets below*) (*If "Index Determination" is "Applicable", insert number of days (expected to be five or greater) as the Relevant Number, and the remaining bullets below will each be "Not Applicable"*)
	• D	[360/365/[ ]] / [Not Applicable]
	• Observation Method	[Lag/Lock-out/Observation Shift/Not Applicable]
	• Lag Period:	[5 / [ ] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable]
	• Observation Shift Period:	[5 / [ ] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable] (*NB: A minimum of 5 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)

- Interest Determination Date(s): [ ] [T2/[ ]] Business Days [in [ ]] prior to the [ ] day in each Interest Period/each Interest Payment Date][The [first/[ ]] [London Banking Day]/[T2 Business Day] / [U.S. Government Securities Business Day] falling after the last day of the relevant Observation Period][The [first/[ ]] Banking Day falling after the last day of the relevant Observation Period (where **[*City*] Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in [*City*])][ ]

- Relevant Screen Page: [ ]*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(B) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]

- Reference Rate: [ ] month [EURIBOR]/ [PRIBOR]/[Compounded Daily SONIA]/[Compounded Daily SOFR]/[Weighted Average SOFR]

- Term Rate: [Applicable/Not Applicable]

- Overnight Rate: [Applicable/Not Applicable]

- Index Determination: [Applicable/Not Applicable]

  - Relevant Number: [[5/[ ]] [[London Banking Days]/[U.S. Government Securities Business Days]/[Not Applicable]

    (*If "Index Determination" is "Not Applicable", delete "Relevant Number" and complete the remaining bullets below*)

    (*If "Index Determination" is "Applicable", insert number of days (expected to be five or greater) as the Relevant Number, and the remaining bullets below will each be "Not Applicable"*)

- D [360/365/[ ]] / [Not Applicable]

  - Observation Method [Lag/Lock-out/Observation Shift/Not Applicable]

  - Lag Period: [5 / [ ] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable]

- Observation Shift Period: [5 / [ ] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable]

  (*NB: A minimum of 5 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)

- Interest Determination Date(s): [ ] [T2/[ ]] Business Days [in [ ]] prior to the [ ] day in each Interest Period/each Interest Payment Date][The [first/[ ]] [London Banking Day]/[T2 Business Day] / [U.S. Government Securities Business Day] falling after the last day of the relevant Observation Period][The [first/[ ]] Banking Day falling after the last day of the relevant Observation Period (where **[*City*] Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in [*City*])][ ]

- Relevant Screen Page: [ ]*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(vii) ISDA Determination: [Applicable/Not Applicable]

(If not applicable, delete the remaining items of this subparagraph (vii))

(*If applicable, and "2021 ISDA Definitions" is selected below, note that "Administrator/Benchmark Event", "Generic Fallbacks" and "Calculation Agent Alternative Rate Determination" are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a drawdown prospectus for the issue.*)

ISDA Definitions: [2006/2021] ISDA Definitions

(A) To Maturity Date: [Applicable/Not Applicable]

- Floating Rate Option: [●]

  (*If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*

- Designated Maturity: [●]/[Not Applicable]

(*A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate*)

- Reset Date: [●]

  (*In the case of a EURIBOR/PRIBOR based option, the first day of the Interest Period*)

- Compounding: [Applicable/Not Applicable]

  (If not applicable, delete the remaining items of this subparagraph)

- Compounding Method: [Compounding with Lookback:

  Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Compounding with Observation Period Shift:

  Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

  Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

  [Compounding with Lockout:

  Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Lockout Period Business Days: [ ]/[Applicable Business Days]]

- Averaging: [Applicable/Not Applicable]

  (*If not applicable, delete the remaining items of this subparagraph*)

- Averaging Method: [Averaging with Lookback

  Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Averaging with Observation Period Shift

  Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified

in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

[Averaging with Lockout

Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [ ]/[Applicable Business Days]

- Index provisions: [Applicable / Not Applicable]

  (*If not applicable, delete the remaining items of this subparagraph*)

- Index Method: Compounded Index Method with Observation Period Shift

  Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

  Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

(B) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]

- Floating Rate Option: [ ]

  (*If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*

- Designated Maturity: [ ]/[Not Applicable]

  (*A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate*)

- Reset Date: [ ]

  (In the case of a EURIBOR based option, the first day of the interest period)

- Compounding: [Applicable/Not Applicable]

  (If not applicable, delete the remaining items of this subparagraph)

- Compounding Method: [Compounding with Lookback:

  Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Compounding with Observation Period Shift:

  Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

  Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

  [Compounding with Lockout:

  Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Lockout Period Business Days: [ ]/[Applicable Business Days]]

- Averaging: [Applicable/Not Applicable]

  (*If not applicable, delete the remaining items of this subparagraph*)

- Averaging Method: [Averaging with Lookback

  Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

  [Averaging with Observation Period Shift

  Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

  Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

  [Averaging with Lockout

  Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

			Lockout Period Business Days: [ ]/[Applicable Business Days]
		• Index provisions:	[Applicable / Not Applicable] (*If not applicable, delete the remaining items of this subparagraph*)
		• Index Method:	Compounded Index Method with Observation Period Shift Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)] Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]
(viii)	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)]
(ix)	Margin(s):		
	(A)	To Maturity Date:	[[+/-] [●]% per annum/Not Applicable]
	(B)	From Maturity Date up to Extended Maturity Date:	[[+/-] [●]% per annum/Not Applicable]
(x)	Minimum Rate of Interest:		
	(A)	To Maturity Date:	[[●]% per annum/Not Applicable]
	(B)	From Maturity Date up to Extended Maturity Date:	[[●]% per annum/Not Applicable]
(xi)	Maximum Rate of Interest:		
	(A)	To Maturity Date:	[[●]% per annum/Not Applicable]
	(B)	From Maturity Date up to Extended Maturity Date:	[[●]% per annum/Not Applicable]
(xii)	Day Count Fraction:		
	(A)	To Maturity Date:	[Applicable/Not Applicable] [Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360]

			[30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)] (See Condition 4 (Interest) for alternatives)
		(B) From Maturity Date up to Extended Maturity Date:	[Applicable/Not Applicable] [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)] (See Condition 4 (Interest) for alternatives)
15.	Zero Coupon Mortgage Covered Bond Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[●]% per annum
	(b)	Reference Price:	[●]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

Provisions Relating to Redemption

16.	Notice periods for Condition 6.2	Minimum period: [●] days
	(Redemption for Tax Reasons):	Maximum period: [●] days
17.	Notice periods for Condition 6.3	Minimum period: [●] days
	(Redemption Due to Illegality or Invalidity):	Maximum period: [●] days
18.	Issuer Call:	[Applicable/Not Applicable]
	(As referred to under Condition 6.4 (Redemption at the Option of the Issuer (Issuer Call)))	(*If not applicable, delete the remaining subparagraphs of this paragraph*)

	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[●] per Calculation Amount
	(c)	If redeemable in part:	[Not Applicable]
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
19.	Final Redemption Amount: (As referred to under Condition 6.1 (Redemption at Maturity))		[●] per Calculation Amount
20.	Early Redemption Amount payable on redemption for taxation reasons, due to illegality or invalidity or on event of default: (As referred to under Condition 6.5 (Early Redemption Amounts))		[●] per Calculation Amount (*N.B. If the Final Redemption Amount is 100% of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but this should be considered). If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be*)
21.	Taxation:		
	(a)	Standard Refund Procedure fixed amount	[●]

General Provisions Applicable to the Mortgage Covered Bonds

22.	Form of Mortgage Covered Bonds:		
	Form:		[Registered Mortgage Covered Bonds:] [Registered Global Mortgage Covered Bond (EUR[●] 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]]
	[New Safekeeping Structure:		[Yes][No]]
23.	Additional Financial Centre(s): (As *referred* to under Condition 5.5 (Payment Day))		[Not Applicable/London/Prague/Other] (*(Note that this paragraph 23 relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 14(b) relates)*)

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [admission to trading on Luxembourg Stock Exchange's regulated market and for listing on the Official List of the Luxembourg Stock Exchange] of the Mortgage Covered Bonds described herein pursuant to [●].

[Third Party Information

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

Signed on behalf of Komerční banka, a.s.:

By: By:

Duly authorised *Duly authorised*

Part B – Other Information

1. **Listing and Admission to Trading**

(a)	Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Mortgage Covered Bonds to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listing on the Official List of the Luxembourg Stock Exchange with effect from [●].]/[Application is expected to be made by the Issuer (or on its behalf) for the Mortgage Covered Bonds to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listing on the Official List of the Luxembourg Stock Exchange with effect from [●].]/[Not Applicable.]/[●]
(b)	Estimate of total expenses related to admission to trading:	[●]

2. **Ratings**

Ratings:	[The Mortgage Covered Bonds 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]. Each of [defined terms] is established in the [European Union /United Kingdom] and is registered under [Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)/ Regulation (EC) No.1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**)]. The list of registered and certified rating agencies is published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.]/[insert a brief explanation of the ratings if this has previously been published by the rating agency]/[Not Applicable.]

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

3. **Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the [[●] (the **Managers**)/**Dealers**], so far as the Issuer is aware, no person involved in the issue of the Mortgage Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)]

4. **Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

(a)	[Reasons for the offer:	[●] / *[See "Use of Proceeds" wording in Base Prospectus] / [The Mortgage Covered Bonds constitute [Green/Social/Sustainability] Mortgage Covered Bonds and an amount equivalent to the net proceeds will be applied to finance and/or refinance [[Eligible Green Assets / Eligible Social Assets / Green and Social Eligible Assets] pursuant to the Framework – describe any specific Green and/or Social Eligible Assets if relevant]* **(If reasons for offer are different from those stated in "Use of Proceeds" those reasons will need to be included here.)*
(b)	Estimated net proceeds:	[●]/[Not Applicable]
(c)	[Estimated total expenses:	[●]/[Not Applicable]]

5. **Yield** (*Fixed Rate Mortgage Covered Bonds Only*) [Applicable/Not Applicable]

Indication of yield: [●]

6. **Historic Interest Rates** (*Floating Rate Mortgage Covered Bonds Only*) [Not Applicable/Details of historic [EURIBOR/PRIBOR/[●]/*replicate other as specified in the Conditions*] rates can be obtained from [Reuters].]

7. **Operational Information**

(a)	ISIN:	[●]
(b)	Common Code:	[●]
(c)	CFI:	[ ], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the

		responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].
(d)	FISN:	[ ], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other]. (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*).
(e)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s), [address] and number(s)*]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Names and addresses of additional Paying Agent(s) (if any):	[●][Not Applicable]
(h)	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Mortgage Covered Bonds are intended upon issue to be deposited with either Euroclear or Clearstream, Luxembourg (together the **ICSDs**) as 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 Mortgage Covered Bonds 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. While 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 Mortgage Covered Bonds are capable of meeting them the Mortgage Covered Bonds 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 Mortgage Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. **Distribution**

(a)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(b)	Date of [Subscription] Agreement:	[●]

(c)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(d)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]

GENERAL DESCRIPTION OF CZECH LEGISLATION RELATING TO MORTGAGE COVERED BONDS

1. CZECH LEGISLATION

The following description is of a general nature and sets out certain features of Czech law governing the issuance of the Mortgage Covered Bonds as Czech Mortgage Covered Bonds (in Czech, *hypoteční zástavní listy*), as at the date of this Base Prospectus. It does not purport to be, and is not, a complete description of all aspects of the Czech legislative and regulatory framework pertaining to the Czech Mortgage Covered Bonds.

As of the date of this Base Prospectus, the main legislation which governs the Czech Mortgage Covered Bonds as Czech covered bonds comprises: (i) Section 28 *et seq.,* Part 2, Clause III of the Czech Bonds Act; (ii) the CNB Decree; and (iii) Section 375 as well as some other provisions of the Czech Insolvency Act.

2. CZECH COVERED BOND LEGISLATION

In accordance with Section 28(1) of the Czech Bonds Act, the Czech covered bonds (in Czech, *kryté dluhopisy*) are either: (i) bonds; or (ii) similar debt securities representing a right for repayment of an owed amount which are issued under and governed by a foreign law.

Czech Mortgage Covered Bonds represent a sub-category of the Czech covered bonds terms and conditions of which stipulate that the aggregate value of: (i) issuer's mortgage loan receivables pursuant to Section 31(2)(a) of the Czech Bonds Act (the **Czech Bonds Act Mortgage Loans**); or (ii) issuer's mortgage loan receivables pursuant to Article 129(1)(d)-(f) of the CRR (the **CRR Mortgage Loans** and together with the Czech Bonds Act Mortgage Loans as the **Mortgage Loans**) included in the Cover Pool (as defined below) must be equal to at least 85% of the aggregate value of all the debts covered by the relevant Cover Pool. Only the Czech Mortgage Covered Bond may bear the designation "*hypoteční zástavní list*" or any other designation expressing the same meaning in another language (e.g. "mortgage covered bond") to be recognised as such under the Czech Bonds Act, the CNB Decree and the Czech Insolvency Act. Other securities are prohibited from using this designation.

Under the Czech Bonds Act, the Czech Mortgage Covered Bonds (as well as other covered bonds) may only be issued by a bank with its seat in the Czech Republic which holds a Czech banking licence granted by the CNB in accordance with the Czech Act No. 21/1992 Coll., on Banks, as amended (the **Czech Banking Act**). Under the Czech Banking Act, a bank is defined as a legal entity which is established as a joint-stock company that may accept deposits from the public and grant loans in accordance with its banking licence. The banking licence may also enumerate other activities which are permitted for the particular bank. Save for the Permission for Covered Block (as defined below), no specific licence or authorisation is required for the issuance of any Czech covered bonds under Czech law,.

The Czech Mortgage Covered Bonds and thus the Mortgage Covered Bonds issued by the Issuer under the Programme constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other Czech Mortgage Covered Bonds issued by the Issuer, then outstanding and benefiting from the same Cover Pool (the Issuer may, at its sole discretion, create multiple Cover Pools) and with other obligations of the Issuer that have been provided the same priority as the Czech Mortgage Covered Bonds.

If the Issuer becomes insolvent, claims of the Czech Mortgage Covered Bondholders may be satisfied either from: (i) the Cover Pool; or (ii) any other (general) assets of the Issuer, subject to specific provisions of the Czech insolvency law (see section *11. Insolvency of the Issuer and the Cover Pool* below).

The Cover Pool is a ring-fenced pool of: (A) assets registered in the cover assets register, identified and designated by the Issuer to constitute cover in respect of: (i) the Czech Mortgage Covered Bonds that the Issuer has either issued or, in the case of multiple existing issues, determined (and which are outstanding, i.e. in circulation, which are owned by a person other than the Issuer or which are owned by the Issuer and have been provided to another person as a security or collateral); and (ii) certain other

debts of the Issuer; and (B) also other assets (accessory assets) which belong to that Cover Pool by the operation of law, i.e. without the need of their registration to the cover assets register (the **Cover Pool**). The respective Cover Pool is created upon registration of at least one asset satisfying the relevant eligibility criteria set out in the Czech Bonds Act in a cover assets register, which is maintained separately in respect of each Cover Pool (if multiple Cover Pools are created) (the **Cover Assets Register**). From the moment of registration of an eligible asset in the Cover Assets Register, such an asset becomes a cover asset (the **Cover Asset**) (particular Cover Assets are described in detail in section *3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* below) and cannot be transferred, pledged or otherwise used as a security.

Pursuant to the Czech Bonds Act, the Issuer is required to maintain at least one Cover Pool for the benefit of all debts that it covers. However, the Issuer may create multiple Cover Pools for the benefit of individual or specified multiple issuances or series of the Czech Mortgage Covered Bonds, at its sole discretion. If this is the case, the Issuer must also determine which debts are to be covered by each Cover Pool, whereas if the Issuer has created only one Cover Pool, such determination is not required.

Under the Czech Bonds Act, the legal title to any Cover Assets included in the Cover Pool continues to be held by the Issuer and such assets remain on the balance sheet of the Issuer. However, the Cover Assets must not be transferred, mortgaged or otherwise used as security.

The Issuer must continuously monitor the eligibility of the Cover Assets. The Issuer must remove from the Cover Assets Register such Cover Assets which no longer satisfy the legal requirements (eligibility criteria) from the Cover Pool and substitute them with other eligible assets to the extent required. However, the Covered Block Administrator (as defined below), if and once appointed, has no such duty.

Pursuant to Section 375 of the Czech Insolvency Act, the Cover Pool does not form a part of the insolvency estate of the Issuer. This means that the Cover Pool is to be managed separately from the insolvency proceedings applicable to an insolvency estate of the Issuer (i.e. on a bankruptcy remote basis) (for further details, please see section *11. Insolvency of the Issuer and the Cover Pool* below).

Moreover, in case a creditor enforces claims against the Issuer through judicial enforcement pursuant to the Civil Procedure Code or through an executor pursuant to the Czech Act No. 120/2001 Coll on Court-Appointed Distrainers and Distraining Activities, as amended (the **Enforcement Code**), pursuant to Section 267b of the Civil Procedure Code and Section 52 of the Enforcement Code, the Cover Assets cannot be used in enforcement to fulfil other debts than those debts which are covered by the same Cover Pool.

In addition, pursuant to Section 337c(1)(c) of the Civil Procedure Code, the receivables under the Mortgage Loans, which are included in the Cover Pool covering the Czech Mortgage Covered Bonds in circulation, will be satisfied in priority to any claims of all other creditors of the borrowers of those Mortgage Loans and any claims of all other mortgagees in respect of the Mortgaged Property (as defined below) securing those Mortgage Loans from the proceeds of the liquidation of the Mortgaged Property following only deduction of the costs of the state of the Czech Republic arising in connection with the foreclosure auctions and, if applicable, the deduction of the costs relating to the administration of the building and the land that are due from the owner of the Mortgaged Property, which is a unit situated within that building, up to the amount of one-tenth of the proceeds of the sale of such Mortgaged Property. This means that the Issuer's receivables from the Mortgage Loans will have priority rights with respect to any cash flows from any enforcement or foreclosure proceedings in respect of the Mortgaged Property securing the Mortgage Loans included in the Cover Pool (up to the amount in which the Mortgage Loans are included in the Cover Pool) *vis-à-vis* any other creditors including the Issuer's creditors.

3. COVER ASSETS, LIQUIDITY BUFFER AND STATUTORY COVER TESTS

Cover Assets

Pursuant to the Czech Bonds Act, only the following types of assets (the **Eligible Assets**) may be registered in the Cover Assets Register:

(a) CRR Mortgage Loans and other assets set out in Articles 129(1) and (2) of the CRR provided that the Issuer meets conditions set out in Articles 129(1a)-(3) of the CRR (while any Derivative (as defined below) must comply with requirements under point (e) below);

(b) Czech Bonds Act Mortgage Loans;

(c) receivables against or guaranteed by a state, regional self-governing unit or an individual or legal person performing tasks in the area of public administration (the **Public Undertaking**) provided that the following cumulative conditions are met: (i) the respective Public Undertaking provides essential public services on the basis of a licence, a concession pursuant to the Czech Act No. 134/2016 Coll., on Public Procurement, as amended or other form of entrustment granted by a public authority; (ii) the respective Public Undertaking is subject to public supervision and (iii) the respective Public Undertaking has sufficient revenue generating powers, which are ensured by the fact of such Public Undertaking: (A) having adequate flexibility to collect and to increase fees, charges and receivables for the service provided in order to ensure their financial soundness and solvability; (B) receiving sufficient grants on a statutory basis in order to ensure its financial soundness and solvability in exchange for providing essential public services; or (C) having entered into a profit and loss transfer agreement with a public authority;

(d) exposures pursuant to Article 129(1)(a) or (b) of the CRR provided that the Issuer meets conditions set out in Articles 129(1a)-(3) of the CRR (the **CRR PSB's Receivables** and together with the assets under subparagraphs (C) also referred to as the **PSB's Receivables and Exposures**);

(e) cash of the Issuer held on an account kept by a person set out in Section 72(2) of the Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (the **Cash**) and other Liquid Assets (as defined below); and

(f) rights arising out of a derivative in accordance with Section 2 point 5 of the Regulation (EU) No. 648/2012 of the European Parliament and of the Council, on OTC derivatives, central counterparties and trade repositories (i.e. a financial instrument as set out in points (4) to (10) of Section C of Annex I to MiFID II (the **Derivative**), provided that the following cumulative conditions are met: (i) the purpose of the Derivative is to hedge against the risks related to Cover Assets included in the Cover Pool or the Czech Mortgage Covered Bonds, (ii) from the terms under which the derivative contract was concluded, it is clear that it relates to the Czech Mortgage Covered Bonds, (iii) the terms of the Derivative provide that insolvency (in Czech, *platební neschopnost*) of an Issuer or a crisis resolution (in Czech, *řešení krize*) or similar measure in respect of an Issuer does not constitute an event of default or a termination or similar event which could lead to early termination of the Derivative; and (iv) the Issuer's counterparty to the Derivative has granted its prior consent with registration of the Derivative in the Cover Assets Register and where the Issuer's counterparty to the Derivative is a financial counterparty pursuant to Article 2(8) of Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, it must have been assigned at least with a credit quality step 3 (within the meaning of Part Three, Title III, Chapter 3 of the CRR), and the derivative contract must have been sufficiently documented (while the same applies also to removal of the Derivative from the Cover Assets Register).

The Cover Pool also includes the following assets that are part of the Cover Pool by operation of law without a need of their registration in the Cover Assets Register (each being the **Accessory Asset**):

(a) rights from a security provided in relation to any Cover Asset included in the Cover Pool, rights from mortgages over real property in relation to the Mortgage Loans in particular;

(b) rights from agreements entered into in relation to any Cover Assets included in the Cover Pool (particularly the rights from any insurance arrangements);

(c) an asset provided (posted) as collateral or other security in respect of the Derivative unless the terms and conditions of the respective Czech Mortgage Covered Bonds provide otherwise;

(d) rights from agreements concluded in relation to the administration of the Covered Block (as defined below) whose part is the Cover Pool; and

(e) from the moment of appointment of a Covered Block Administrator (as defined below), cash accepted as payment for the repayment of a debt arising from a Cover Asset that is included in the Cover Pool or in direct connection with such Cover Asset or funds obtained as a proceeds from the Cover Pool Liquidation or Liquidation of Selected Assets (as these terms are defined below).

Liquidity Buffer

Pursuant to the Czech Bonds Act, the Cover Pool must at all times include a cover pool liquidity buffer (the **Liquidity Buffer**) composed of the following liquid assets (each being a **Liquid Asset**) registered in the Cover Assets Register:

(a) assets qualifying as level 1, level 2A or level 2B assets under Commission Delegated Regulation (EU) 2015/61 of the European Parliament and of the Council with regard to liquidity coverage for Credit Institutions, that are valued in accordance with that delegated regulation, and are not issued by the Issuer, its parent undertaking pursuant to Article 4(1)(15) of the CRR, other than a public sector entity that is not a credit institution pursuant to Article 4(1)(1) of the CRR, its subsidiary pursuant to Article 4(2)(16) of the CRR or another subsidiary of its parent undertaking, or by a securitisation special purpose entity pursuant to Article 2(2) of the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 with which the Issuer has close links pursuant to Article 4(1)(38) of the CRR; or

(b) short-term exposures to credit institutions that qualify for credit quality step 1 or 2, or short-term deposits to credit institutions that qualify for credit quality step 1, 2 or 3, in accordance with point (c) of Article 129(1) of the CRR.

According to the Czech Bonds Act, claims from exposures considered in default under Article 178 of the CRR cannot contribute to the Liquidity Buffer.

The Liquidity Buffer must be available at all times in order to cover the maximum cumulative net liquidity outflow (i.e. all payment outflows falling due on one day, including principal and interest payments arising under the Czech Mortgage Covered Bonds and payments under Derivative in the Covered Block, net of all payment inflows falling due on the same day for claims related to the Cover Pool) over a period of 180 days. In case of Czech Mortgage Covered Bonds with the Extendable Maturity Structure (as defined below), the calculation and amount of the principal payment for the purpose of determining the net liquidity outflow is determined with respect to the extended maturity date.

In case the Issuer is subject to liquidity requirements set out in other acts of the European Union that result in an overlap with the Liquidity Buffer, the provisions of the Czech Act on Bonds regulating Liquidity Buffer do not apply for the period provided for in those acts of the European Union.

Statutory Cover Tests

Firstly, the aggregate nominal value of all the Cover Assets included in the Cover Pool must represent at least 102% of the aggregate value of all debts covered by the relevant Cover Pool, i.e. resulting in

a minimum 2% statutory over-collateralisation (the **Statutory Minimum OC Level Test**). For the purposes of the Statutory Minimum OC Level Test, 1% of the aggregate nominal amount of the Czech Mortgage Covered Bonds must always be added to the aggregate value of all debts covered by the Cover Pool as an expected value of (i) a receivable of a Covered Block Administrator (as defined below); (ii) a receivable arising out of legal acts of a Covered Block Administrator undertaken for the benefit of the Cover Pool; (iii) a receivable of a common representative of the Czech Mortgage Covered Bondholders; and (vi) a receivable of another person specified in the relevant terms and conditions or the relevant prospectus that participated on the issuance of the Czech Mortgage Covered Bonds or on the administration of the Covered Block which serves to cover such debts. The terms and conditions of the respective Czech Mortgage Covered Bonds may set a higher over-collateralisation level.

Secondly, the aggregate value of the Cover Assets in the Cover Pool has to represent at least 85% of the aggregate value of the debts covered by the Cover Pool, whereas only the Mortgage Loans may be used to fulfil this limit in respect of the Czech Mortgage Covered Bonds (the **Statutory 85% Test** and, together with the Statutory Minimum OC Level Test, as the **Statutory Cover Tests**).

The Issuer must (i) ensure that the Statutory Cover Tests are constantly complied with and (ii) within 25 days after the end of each calendar quarter inform the CNB on whether and how the Issuer meets its duties under Section 28c of the Czech Bonds Act (including, but not limited to, compliance with the Statutory Cover Tests and the Statutory 100% Individual LTV Test (as defined below)).

Mortgage Loans

The nominal value of each Czech Bonds Act Mortgage Loan may not exceed 100% of the value of the Mortgaged Property (as described below in section *4. Valuations of the Mortgaged Property*) (the **Statutory 100% Individual LTV Test**). However, this requirement does not operate as a strict eligibility criterion. Therefore, to the extent the nominal value of an individual Czech Bonds Act Mortgage Loan exceeds such limit (and only to that extent), it is disregarded for the purpose of calculating the Statutory Cover Tests. For the CRR Mortgage Loans, specific collateral value tests, as set out in the CRR, will apply.

For a Mortgage Loan to be eligible to be included in the Cover Pool, it must be secured by way of a legally perfected first ranked mortgage over real property (subject to the exceptions below) (including real property under construction) located in the Czech Republic, any other member state of the European Union or a member state of the EEA (the **Mortgaged Property**). A Mortgage Loan becomes eligible to be included in the Cover Pool as of the moment when the Issuer learns about the legal effects of the creation of the mortgage relating to the Mortgaged Property. The Issuer must have procedures in place to monitor that the Mortgaged Property is adequately insured against the risk of damage and that the insurance claim forms part of the respective Cover Pool.

In addition, the following criteria apply to the Mortgage Loans in the Cover Pool: (i) the Mortgage Loans must be granted or legally owned by the Issuer or granted to the Issuer as a financial collateral pursuant to the Czech Act No. 408/2010 Coll., on Financial Collateral, as amended; (ii) the Mortgaged Property cannot be encumbered by a mortgage or a similar right of security of a third party, which would rank *pari passu* or in priority to the mortgage securing the repayment of the Mortgage Loans included in the Cover Assets Register; and (iii) a transfer of any Mortgaged Property securing the Mortgage Loan cannot be restricted by previously created disposals prohibition, provided that the Mortgaged Property is not considered to be subject to a prior ranking security interest or disposal prohibition if they cease to exist as a result of repayment of the obligations secured by them from the proceeds of the relevant Mortgage Loan. If the criteria under paragraphs (ii) and (iii) are not fulfilled, the nominal value of such Mortgage Loan shall be for the purpose of calculating the Statutory Cover Tests equal to zero.

In the case of a borrower's default pursuant to Article 178 of the CRR (or based on a fulfilment of stricter conditions set out in the relevant terms and conditions), the nominal value of the Cover Assets included in the Cover Pool is for the purpose of both Statutory Cover Tests decreased by 100%.

Additionally, Section 28c of the Czech Bonds Act stipulates that an issuer of covered bonds that bear the designation "CRR" or "evropský krytý dluhopis (prémiový) (in English, "European Covered Bond (Premium)" or its translation in official language in the European Union in their title must ensure that

the covered bonds fulfil criteria pursuant to Article 129 of the CRR. Only those covered bonds that fulfil the criteria of Article 129 of the CRR may bear the designation "CRR" or "evropský krytý dluhopis (prémiový) (in English, "European Covered Bond (Premium)" or its translation in official language in the European Union in their title.

4. VALUATIONS OF THE MORTGAGED PROPERTY

The Issuer must determine the value of the Mortgaged Property (the **Mortgaged Property Value**) and issue guidelines for these valuations in the form of its internal rules (the **Valuation Guidelines**) while respecting the principles set out below. Pursuant to the Czech Bonds Act, the value of the Mortgaged Property is determined by the Issuer either as open market value (in Czech, *cena obvyklá*) or as market value (in Czech, *tržní hodnota*) in accordance with the Czech Act No. 151/1997 Coll., as amended (the **Czech Property Valuation Act**), and with special regard to: (i) characteristics of the Mortgaged Property which are sustainable on a permanent and a long-term basis; (ii) income achievable by a third party while administering the Mortgaged Property with due care; (iii) rights and encumbrances attached to the Mortgaged Property; and (iv) conditions prevailing on the local real property market and anticipated development of that market. These conditions are similar, yet not identical to those set out in Article 4, point 74 of the CRR.

The value of the Mortgaged Property must be determined by a person who possesses the necessary qualifications, ability and experience and who is independent from the credit decision process. During the valuation process such person must not take into account speculative elements and must document the value of the Mortgaged Property in a transparent and clear manner.

5. VALUATIONS OF THE COVER ASSETS

The value of the Cover Assets included in the Cover Pool is, for the purpose of calculating the Statutory Cover Tests, expressed in their nominal value, while the value of the Derivatives is by default expressed in their real value in accordance with the international accounting standards governed by the Regulation No. 1126/2008 of the European Commission, adopting certain accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, as amended. Certain specifics of the Issuer's approach to valuation of Derivatives for purposes of the Statutory Minimum OC Level Test are described in The International Cover Pool – Tests relating to the International Cover Pool below.

Any Cover Asset the value of which, for the purpose of determining compliance with the Statutory Cover Tests, is zero nevertheless remains part of the Cover Pool until such asset is removed (deregistered) from the Cover Assets Register.

6. COVERED BLOCK AND ITS MANAGEMENT

Covered Block

With the creation of one or more Cover Pools, the Issuer also creates one or more covered blocks, which are fully segregated and ring-fenced blocks of assets and liabilities (debts) of the Issuer (the **Covered Block**). The Covered Block constitutes the Cover Pool and the debts that it covers.

A Cover Pool covers both the debts from the Czech Mortgage Covered Bonds (the **Covered Bonds Debts**) that it covers and the debts related to those Czech Mortgage Covered Bonds, which may be determined in the relevant terms and conditions or the prospectus of the Czech Mortgage Covered Bonds or in an agreement relating to the Czech Mortgage Covered Bonds, particularly of the following type: (i) a receivable of a Covered Block Administrator (as defined below); (ii) a receivable arising out of legal acts of a Covered Block Administrator undertaken for the benefit of the Cover Pool; (iii) a receivable of a common representative of the holders of the Czech Mortgage Covered Bonds; (iv) a receivable of counterparty of the Derivative arising under the Derivative or in direct connection with it (provided the relevant Derivative is registered in the Cover Assets Register); and (v) a receivable of another person specified in the relevant terms and conditions or the relevant prospectus that participated on the issuance of the Czech Mortgage Covered Bonds or on the administration of the Covered Block which serves to cover such debts (the **Accessory Debts**).

Permission for Covered Block

No later than on the date of issuance of Czech Mortgage Covered Bonds and throughout the period of the issuance of the Czech Mortgage Covered Bonds, the Issuer must possess a permission for Covered Block (in Czech, *povolení pro krytý blok*) (the **Permission for Covered Block**). The Permission for Covered Block is granted by the CNB if the following conditions are met:

(a) a programme of operations defines and covers the issuance of Czech Mortgage Covered Bonds;

(b) policies, processes and methodologies for the approval, amendment, renewal and refinancing of loans or other assets included in the Cover Pool sufficiently ensure investor protection;

(c) there is a management and staff dedicated to the Covered Block which have adequate qualifications and knowledge regarding the issue of Czech Mortgage Covered Bonds and its administration; and

(d) an administrative set-up of the Cover Pool and the monitoring thereof meets the applicable requirements laid down under the Czech Bonds Act.

The CNB may revoke the Permission for Covered Block if:

(a) it has been issued based on false, misleading or incomplete information;

(b) the conditions for granting the Permission for Covered Block are no longer met; or

(c) the Issuer repeatedly or materially breached its duties under the Czech Bonds Act.

Covered Block Records

Pursuant to Section 32 of the Czech Bonds Act, the Issuer must maintain records of Covered Blocks with respect to: (i) each of its Cover Pools; and (ii) each issue of the Czech Mortgage Covered Bonds outstanding (the **Covered Block Records**). The Covered Block Records must provide complete information for assessing whether and how the Issuer fulfils its obligations under the Czech Bonds Act and the CNB Decree (i.e. the Statutory 100% Individual LTV Test and the Statutory Cover Tests). Upon the appointment of the Covered Block Administrator (as defined below), the obligation to maintain the Covered Block Records shifts (to the full extent) from the Issuer to the Covered Block Administrator. Further details and requirements relating to maintaining of the Covered Block Records are set out in the CNB Decree.

The Covered Block Records consist of: (i) the Cover Assets Register; (ii) the records of the Accessory Assets (the **Accessory Assets Records**); (iii) the records of debts from Mortgage Covered Bonds outstanding (the **Debts Records**); and (iv) the records of Accessory Debts and debts related to assets under subparagraphs (i) and (ii) (the **Accessory Debts Records**), each of them kept separately for each Covered Block that the Issuer has created.

The Covered Block Records are not publicly available (i.e. Covered Block Records are not public registers) and the details contained therein are subject to banking secrecy rules set out in the Czech Banking Act.

Pursuant to the CNB Decree, the Covered Block Records must contain: (i) the list of the Covered Blocks; and (ii) comprehensive information about each of the Covered Blocks, including: (A) identification of the Covered Block itself; (B) the type of the Czech covered bonds; (C) information on whether the Covered Block includes Czech covered bonds which bear the "CRR" or "evropský krytý dluhopis (prémiový) (in English, *"European Covered Bond (Premium)"* compliance designation in their names; (D) higher limits going above the Statutory 100 % Individual LTV Test and the Statutory Cover Tests (if applicable under the terms and conditions of the relevant issue of the Czech Mortgage Covered Bonds); (E) identification of the currency in which the Covered Block Records are maintained; (F) the aggregate value of Covered Bonds Debts; (G) the aggregate value of the Accessory Debts; (H) the aggregate value of the Cover Assets for the purposes of the Statutory Minimum OC Level Test; (I)

the aggregate value of the Cover Assets for the purposes of the Statutory 85 % Test; (J) the aggregate value of the Liquidity Buffer; (K) the value of the maximum cumulative net liquidity outflow from the Covered Block for the next period of 180 days; and (L) conditions for the Extendable Maturity Structures (if Czech Mortgage Covered Bonds utilising the Extendable Maturity Structure have been issued by the Issuer).

The Issuer must maintain the Covered Block Records in an electronic format enabling it to track and reproduce all the past entries and changes and keep the Covered Block Records up to date. The information listed above under letters (J) and (K) is to be updated monthly. The Covered Block Records are maintained based on documentation that justifies the inclusion of each particular asset or debt in the Covered Block. Such documentation would mainly include a loan agreement relating to the Mortgage Loan (including its amendments), documentation relating to the Mortgaged Property including the relevant security agreements, an up-to-date extract from the cadastral register of real property, the Mortgaged Property Value, the Valuation Guidelines and other documentation relating to each asset included in the Cover Pool and each issue of the Czech Mortgage Covered Bonds.

For conversion of any financial information contained in the Covered Block Records, the foreign exchange rate published by the CNB on the date of the conversion will be used. If no such exchange rate is available for the currency or currencies in question, the conversion in accordance with the Czech Act No. 563/1991 Coll., on Accounting, as amended, will be used. Employees of the department keeping the Covered Block Records must be provided with up-to-date, reliable and complete information in order to decide on including items into or removing items from the Covered Block Records or undertaking other activities related to the duties under the CNB Decree.

Cover Assets Register

Pursuant to the CNB Decree, the Cover Assets Register must contain at least the following details in relation to each Mortgage Loan included in the Cover Assets Register: (i) the identification of the relevant Mortgage Loan; (ii) the type of the relevant Cover Asset based on categorisation as provided for in Article 129(1) of the CRR or in the Czech Bonds Act; (iii) information whether the relevant debtor is in default pursuant to Article 178 of the CRR; (iv) the identification of currency in which the relevant Mortgage Loan was concluded; (v) the mortgage lending value of the Mortgaged Property; (vi) the nominal value of the Mortgage Loan receivable; (vii) the nominal value of the Mortgage Loan receivable for the purposes of calculating the Statutory Cover Tests and the Statutory 100% Individual LTV Test; and (viii) the maturity date of the Mortgage Loan receivable.

In relation to the Cover Assets other than the Mortgage Loans, the Cover Assets Register must contain at least: (i) identification of the relevant Cover Asset; (ii) determination of the type of such Cover Asset based on categorisation as provided for in Article 129(1) of the CRR or the Czech Bonds Act; (iii) information whether the debtor is in default pursuant to Article 178 of the CRR; (iv) type, trade date, effective date of a Derivative and name of the derivative counterparty, (v) currency or currencies in which the Cover Asset was entered into; (vi) value of the Cover Asset (or positive real value of the Derivative); and (vii) the value of the Cover Asset for the purpose of calculating of the Statutory Cover Tests and the Statutory 100% Individual LTV Test.

In addition to the information listed in the preceding paragraph, the Cover Assets Register must also contain at least the following details in relation to each Liquid Asset: (i) the type of the Liquid Asset (including the level of the asset or the type of short-term exposure, as applicable); and (ii) the value of the Liquid Asset.

Accessory Assets Records

Pursuant to the CNB Decree, the Accessory Assets Records must contain at least the following details in relation to each Accessory Asset: (i) the identification of the relevant Accessory Asset; (ii) the identification of the relevant contract(s) relating to the Accessory Asset; (iii) the identification of the Derivative's security; (iv) indication as to whether it is possible to use the security for the purposes of the Statutory Minimum OC Level Test; (v) currency/currencies in which the Accessory Asset was arranged; and (vi) real value of the security pursuant to paragraph (iii) in the currency in which the Accessory Assets Records are being kept.

Debts Records

Pursuant to the CNB Decree, the Debts Records must contain at least the following details in relation to each issue: (i) the identification of the relevant issue; (ii) the issue date; (iii) the maturity date of the issue; (iv) the currency or currencies in which the debt was concluded; (v) the nominal value of the outstanding issue; (vi) the value of the accrued and unpaid proceeds from the issue in the currency in which the Debts Record is kept; and (vii) the nominal value of the unissued part of the issue if it serves for the identification of the debts for which the relevant Cover Pool serves as a cover in the currency in which the Debts Record is kept.

Accessory Debts Records

Pursuant to the CNB Decree, the Accessory Debts Records must contain at least the following details in relation to each Accessory Debt included in the Accessory Debts Records: (i) the identification of the respective Accessory Debt; (ii) the identification of the type of the Accessory Debt; (iii) the currency or currencies in which the respective Accessory Debt was concluded; and (iv) the nominal value of the Accessory Debt in the currency in which the Accessory Debts Records are kept; save for the case of an Accessory Debt arising from a Derivative in which case the value of debt is recorded as a negative real value of such a Derivative.

7. EXTENDABLE MATURITY STRUCTURES

Subject to meeting certain requirements stipulated thereunder, the Czech Bonds Act allows for the issuance of Czech Mortgage Covered Bonds which provides for the possibility of extending their scheduled maturity for a pre-determined period of time in the event that a specific trigger event occurs (the **Extendable Maturity Structures**).

Under the Czech Bonds Act, the Czech Mortgage Covered Bonds may be issued with the Extendable Maturity Structures, if the investor protection is ensured by at least the following:

(d) the maturity of the Czech Mortgage Covered Bonds is extended only in case the following trigger events occur as at their maturity date or as at another date specified in the terms and conditions of the Czech Mortgage Covered Bonds:

  (i) the Issuer or the Covered Block Administrator does not repay all the Czech Mortgage Covered Bonds of a particular series in due time;

  (ii) any of the Triggers for the Appointment of the Covered Block Administrator (as defined below) occurs;

  (iii) a crisis resolution measure (in Czech, *opatření k řešení krize*) has been imposed in respect of the Issuer or a write-down or conversion of eligible liabilities or intragroup eligible liabilities pursuant to the Czech Resolution and Recovery Act has taken place;

  (iv) an event pursuant to Article 54(1)(a)(i) or (ii) of the CRR occurs; or

  (v) the Issuer does not the meet the requirement for the Liquidity Buffer or would not, as a result of a repayment of the relevant Czech Mortgage Covered Bonds, meet the liquidity requirements pursuant to the directly applicable EU act (the **Maturity Extension Triggers**);

(e) the information provided to investors about the maturity structure is sufficient to enable them to determine the risk of the Czech Mortgage Bonds, and includes a detailed description of:

  (i) the Maturity Extension Triggers;

  (ii) the consequences for a maturity extension of the insolvency or resolution of the Issuer; and

(iii) the role of the CNB and the Covered Block Administrator with regard to the maturity extension; and

(f) the final maturity date of the Czech Mortgage Covered Bonds is at all times determinable.

In the event of the insolvency or resolution of the Issuer, maturity extensions do not affect the ranking of investors in the Czech Mortgage Covered Bonds or invert the sequencing of the Czech Mortgage Covered Bonds original maturity schedule.

The Issuer or the Covered Block Administrator must, in accordance with the terms and conditions of the Czech Mortgage Covered Bonds, notify the Czech Mortgage Covered Bondholders about the maturity extension taking place in the manner and within the time period stipulated under the terms and conditions of the Czech Mortgage Covered Bonds.

The maturity extension does not change the structural features of the Czech Mortgage Covered Bonds and of the Covered Block.

8. INVESTOR INFORMATION

Under the Czech Bonds Act, the Issuer must provide information about its Covered Block that is sufficiently detailed to allow investors to assess the profile and risks of the Covered Block and to carry out their due diligence.

The information must be provided via the Issuer's websites at least on a quarterly basis and must include at least the following minimum information:

(a) the value of the Cover Pool and outstanding Czech Mortgage Covered Bonds;

(b) a list of the International Securities Identification Numbers (ISINs) for all Czech Mortgage Covered Bonds issued under that Covered Block to which an ISIN has been attributed;

(c) the geographical distribution and type of Cover Assets, their loan size and valuation method;

(d) details in relation to market risk, including interest rate risk and currency risk, and credit and liquidity risks;

(e) the maturity structure of Cover Assets and Czech Mortgage Covered Bonds, including an overview of the Maturity Extension Triggers, if applicable;

(f) the levels of required and available coverage, and the levels of statutory, contractual and voluntary overcollateralisation; and

(g) the percentage of loans where a default is considered to have occurred pursuant to Article 178 of the CRR and in any case where the loans are more than 90 days past due.

9. CONSEQUENCES OF CERTAIN ISSUER'S SHORTCOMINGS

Czech Banking Act

Under the Czech Banking Act, the CNB may take certain steps or actions against or impose certain measures upon the Issuer, being a bank with its seat in the Czech Republic and holding a Czech banking licence (a **Czech Bank**), provided that the CNB finds "shortcomings in the activities" of the Issuer (the **Shortcomings**). The CNB may only take such steps or actions or impose measures for so long as the Issuer holds its banking licence (i.e. before its banking licence has been revoked by the CNB) and until insolvency proceedings under the Czech Insolvency Act have been commenced against the Issuer.

The Czech Banking Act contains a list of the Shortcomings, which includes, in particular, the violation or breach of obligations or terms set out in: (i) the Czech Banking Act; (ii) a legal act implementing the Czech Banking Act; (iii) a measure of a general nature issued pursuant to the Czech Banking Act (in Czech, *opatření obecné povahy*); (iv) a decision issued pursuant to the Czech Banking Act (in Czech,

rozhodnutí); (v) the directly applicable legal act of the European Union (in Czech, *přímo použitelný právní předpis Evropské unie*) regulating prudential requirements; or (vi) the Issuer's banking licence or such other breach discovered during an inspection or official review of the Issuer. Therefore, for instance, failure by the Issuer to comply with the applicable Statutory Cover Tests (as set out in section *3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* above) may lead to the CNB taking steps or actions against, or imposing measures, upon the Issuer.

Upon the discovery of the Shortcoming, and depending on the nature and gravity of that Shortcoming, the CNB may impose certain remedial measures on the Issuer (each a **Measure**), including, but not limited to: (a) requiring the Issuer to suspend or terminate certain trades which would represent a risk for the Issuer; (b) requiring the Issuer to limit its distribution network; (c) requiring the Issuer to replace a member of its Board of Directors or its Supervisory Board; (d) requiring the Issuer to decrease its shareholding in another entity or to transfer its shareholding in that entity or to otherwise limit the risks associated with its shareholding in that entity; (e) amending the Issuer's banking licence by excluding or restricting some banking activities stated therein; (f) ordering an extraordinary audit of the Issuer; or (g) restricting or prohibiting certain activities of the Issuer with persons who are closely associated with the Issuer (in Czech, *osoby, které jsou spjaty úzkým propojením s bankou*) or persons who are a part of the same consolidated unit or persons with special relations to the Issuer (in Czech, *osoby se zvláštním vztahem k bance*). Section 19 of the Czech Banking Act defines persons with special relations to the Issuer as, among others: (i) members of the Supervisory Board of the Issuer; (ii) members of the Board of Directors of the Issuer; (iii) persons controlling the Issuer, shareholders who have a qualified holding in such controlling persons and management of these two; (iv) persons closely associated with a member of the Board of Directors, Supervisory Board and board of non-executive directors, members of the audit, risk, appointment and remuneration committee or a person controlling the Issuer; (v) an entity in which a person mentioned in subparagraphs (i) to (iii) above has a qualified holding; (vi) a person with a qualified holding in the Issuer and any person controlled by them; (vii) a member of the banking council of the CNB; and (viii) entities controlled by the Issuer (the **Connected Persons**).

In case of continuing serious Shortcomings of the Issuer, the CNB may revoke its banking licence. The Issuer's banking licence may also be revoked by the CNB in other cases specified in the Czech Banking Act, including insolvency of the Issuer or a decision finding that the Issuer seriously breached its obligations under laws preventing money laundering and financing of terrorism.

Czech Bonds Act

If the Issuer, as the issuer of the Czech Mortgage Covered Bonds, breaches obligations placed on him under the Czech Bonds Act, the CNB may (i) impose remedial measure requiring the Issuer to remove the relevant identified shortcomings, (ii) restrict or limit the issuance of the Czech Mortgage Covered Bonds or (iii) issue a public statement on the nature of the breach which indicate the identity of the natural or legal person (each a **Czech Bonds Act Measure**).

Fulfilment of the Czech Bonds Act Measure may be enforced by the CNB by means of imposing a coercive fine up to CZK 5,000,000. Such penalty may be imposed repeatedly.

10. CZECH RESOLUTION AND RECOVERY ACT

As long as the Issuer, being a Czech Bank, holds its banking licence issued by the CNB, the Czech Insolvency Act does not generally apply to it. However, the Issuer, as a Czech Bank, is subject to the Czech Resolution and Recovery Act, which came into effect on 1 January 2016. The Czech Resolution and Recovery Act implements the BRRD into Czech law, which seeks to establish a common framework for the orderly recovery and resolution of failing (or likely to fail) credit institutions and investment firms within the European Union (as well as of entities within their group if deemed relevant).

Responsibility for the operation of the Czech Resolution and Recovery Act rests almost exclusively with the CNB as the competent resolution authority while the Ministry of Finance of the Czech Republic holds some joint powers together with the CNB in adopting and applying the governmental stabilisation tools (including the temporary public ownership (nationalisation)) of all or part of a Czech Bank such as the Issuer.

The Czech Resolution and Recovery Act provides for a special resolution regime applicable to Czech Banks (such as the Issuer) and distinguishes between two basic sets of measures and tools. These measures and tools are crisis prevention measures (in Czech, *opatření k předcházení krizí*) and crisis resolution measures (in Czech, *opatření k řešení krize*). The Czech Resolution and Recovery Act also deals with certain other matters.

The crisis prevention measures represent, for the most part, early intervention measures and as such can be described as pre-resolution measures or tools. Their main goal is to remedy potential Shortcomings of, among others, Czech Banks such as the Issuer, including by virtue of breaches or series of breaches of the Czech Resolution and Recovery Act or the Czech Banking Act (including various deficiencies or impediments to recoverability of the Issuer) and prevent such Shortcomings, which may result from a rapid deterioration of their financial condition, and in turn, prevent the spread of financial problems among Czech Banks (including the Issuer) and other entities subject to the Czech Resolution and Recovery Act. Accordingly, the CNB may, among other things, gradually: (i) impose specific administration measures on the Issuer in order to remedy the Shortcomings or breaches and/or address or remove deficiencies or impediments to recoverability (these measures broadly correspond to those set out in Article 27 of the BRRD as implemented in the Czech Resolution and Recovery Act); (ii) remove the members of the Issuer's Board of Directors and make the appointment of new board members conditional upon the CNB's prior consent; or (iii) impose temporary administration of the Issuer by virtue of the appointment of one or more temporary administrators (who would be appointed by the CNB in order to facilitate the functions of the Issuer's Board of Directors and senior management while the temporary administration may last for up to 12 months, unless extended by the CNB).

The primary effect of temporary administration is that a temporary administrator with adequate qualification and capabilities is appointed by the CNB to help manage and run the Issuer. The precise function and powers of the temporary administrator under the Czech Resolution and Recovery Act are specified by the CNB at the time of appointment and can include various investigatory and management consultation powers, granting prior approvals to decisions of the Issuer's Board of Directors and senior management or powers to actually manage the Issuer whereby the exercise of the powers by the Issuer's Board of Directors and senior management (but not those by the general or shareholders' meeting) is suspended (fully or in part) and the temporary administrator, appointed by the CNB, takes over their functions.

The general conditions to the exercise of crisis resolution measures set out in the Czech Resolution and Recovery Act require that: (i) the Issuer is failing; (ii) having regard to all circumstances, there is no reasonable prospect that any other measure would prevent the failure of the Issuer; and (iii) the resolution action is necessary in the public interest. Under the Czech Resolution and Recovery Act, the Issuer is deemed to be failing when: (i) it meets the conditions for the withdrawal of its banking licence, particularly due to a loss that causes or may cause significant decrease in the amount of its capital; (ii) its liabilities exceed the value of its assets; (iii) it is unable to pay its debts as they fall due, or (iv) it requires extraordinary public support (except in limited circumstances). Should the Issuer be failing, its Board of Directors must notify the CNB. Crisis resolution measures are in the public interest if it is necessary and one or more of the resolution objectives would not be met to the same extent by the winding-up or insolvency proceedings in respect of the Issuer.

The relevant provisions of the Czech Resolution and Recovery Act contain further specific conditions for various individual crisis resolution measures such as a transfer to a private sector purchaser, a bridge institution or an asset management entity or applying government stabilisation tools (including a transfer to temporary public ownership (nationalisation)).

In the case of a special management for crisis resolution, either the CNB through one or more of its employees directly or a special manager (or administrator) appointed by the CNB takes over, and the authority of the Issuer's Board of Directors and supreme body (i.e. shareholders' meeting) is automatically fully suspended. As a result, the relevant bodies of the Issuer (and their powers) are replaced with the CNB or the special manager for crisis resolution. The special management for crisis resolution may last for up to 12 months, unless extended by the CNB.

The Czech Resolution and Recovery Act further provides for the following crisis resolution measures: (i) a transfer of the shares of the Issuer or assets or liabilities of the Issuer or part thereof to a private sector purchaser (the **sale of business tool**); (ii) a transfer of the shares of the Issuer or assets or liabilities

of the Issuer or part thereof to a bridge institution that is wholly or partially owned (directly or indirectly) and controlled by the Czech Republic (the **bridge institution tool**); (iii) a transfer of all or part of the assets or liabilities of the Issuer to an asset management entity owned (directly or indirectly) and controlled by the Czech Republic (the **asset separation tool**); (iv) a write-down of certain claims of unsecured creditors of the relevant entity and/or conversion of certain unsecured debt claims (eligible liabilities) to equity (the **bail-in tool**), which equity could also be subject to any future write-down; and (v) a government stabilisation tool including public equity support and a temporary stabilisation comprising a transfer to temporary public ownership (nationalisation) of all or part of the Issuer. These crisis resolution measures are achieved through the exercise of one or more "crisis resolution powers" detailed in the Czech Resolution and Recovery Act, which enable share transfers, property transfers, bail-in of capital instruments and eligible liabilities and recognition of the effect of a third country special resolution action taken under the laws of a country outside the EEA.

The CNB further has certain wide powers pursuant to the Czech Resolution and Recovery Act, including, in certain circumstances, powers to unilaterally cancel a contract or modify contractual arrangements or transfer all rights and obligations under a contract as well as some other ancillary resolution powers in order to enable the crisis resolution measures under the Czech Resolution and Recovery Act to be used effectively. As regards these resolution powers to unilaterally cancel a contract or modify contractual arrangements or transfer all rights and obligations under a contract (which would include the Terms and Conditions of the Mortgage Covered Bonds, any agreements or contracts entered into in respect of the Mortgage Covered Bonds and rights and obligations under the same), the Czech Resolution and Recovery Act contains specific safeguards in respect of certain "protected rights and liabilities".

Similarly, with respect to share and property transfers, and most notably partial property transfers, which could be used by the CNB in applying any of the sale of business tool, the bridge institution tool or the asset separation tool, the concern is that the CNB could use such power to "cherry-pick" certain rights and obligations in respect of the Mortgage Covered Bonds or any Cover Pool or otherwise interfere with the Terms and Conditions of the Mortgage Covered Bonds or rights and obligations under the Czech Mortgage Covered Bonds. Accordingly, the Czech Resolution and Recovery Act provides for various protections from the effect of partial property transfers. Under the Czech Resolution and Recovery Act, a transfer or passage of property, rights and liabilities under legal arrangements or relationships that qualify as "protected rights and liabilities", may not provide for the transfer or passage of only some, but not all such "protected rights and liabilities". The "protected rights and liabilities" under legal arrangements or relationships under the Czech Resolution and Recovery Act in turn comprise, irrespective of their number of parties, governing law and contractual or statutory basis, among other things, covered bonds as well as structured finance arrangements, including securitisations and instruments used for hedging which form an integral part of any Cover Pool and which are secured in a way similar to the covered bonds.

The relevant safeguards contained in the Czech Resolution and Recovery Act provide that a partial property transfer may not provide for the transfer of only some, but not all, of the "protected rights and liabilities" under the Czech covered bonds, which technically means that the CNB must not: (i) decide on the transfer or passage of any Cover Asset in any Cover Pool without the simultaneous passage of the Czech covered bonds; or (ii) decide on the transfer or passage of any Czech covered bonds without the simultaneous passage of the benefit of the Cover Assets in any Cover Pool.

The bail-in tool represents one of the crisis resolution measures under the Czech Resolution and Recovery Act. In this process, losses are imposed on some of the Issuer’s direct stakeholders by either a write-down of their claims or by their conversion to equity. The purpose of the bail-in tool is to offset losses and/or recapitalise all or a part of the Issuer or its successor entity. This tool is exercised by the CNB through a write down of certain claims of unsecured creditors of the Issuer and/or conversion of certain unsecured debt claims (eligible liabilities) to equity, which equity (i.e. capital instruments which may take the form of Common Equity Tier 1 instruments) could also be subject to any future write-down. The Czech Resolution and Recovery Act stipulates certain specific conditions to exercise of the bail-in tool, which the CNB will be obliged to observe. The effect of exercise of the bail-in tool by the CNB is broadly that: (i) the nominal value or the amount of principal of an eligible liability owed by the Issuer is permanently decreased as a result of the partial write-down or partial conversion to equity; or (ii) an eligible liability owed by the Issuer is cancelled altogether as a result of the full write-down or cancelled and modified as a result of full conversion to equity.

The scope of eligible liabilities (which can be subject to the bail-in tool) includes all liabilities of the Issuer, unless such liabilities are explicitly excluded. In line with the BRRD, the rules explicitly exclude from the scope of eligible liabilities, among other things, any liabilities owed by the Issuer under covered bonds up to the value of all assets that are included in the relevant Cover Pool. On the basis of the Czech Resolution and Recovery Act, therefore, the exercise by the CNB of the bail-in tool in relation to the Issuer could only affect any liabilities owed by the Issuer under the Mortgage Covered Bonds to the extent that they are not covered and exceed the values of assets included in the International Cover Pool.

Finally, the application of any of crisis prevention measures and crisis resolution measures under the Czech Resolution and Recovery Act does not *per se* trigger any segregation or ring-fencing of the assets in any Cover Pool from the rest of the Issuer's assets.

11. INSOLVENCY OF THE ISSUER AND THE COVER POOL

The Czech Insolvency Act does not apply to the Issuer, being a Czech Bank, for so long as it holds its banking licence. The Issuer's banking licence may only be revoked by the CNB if there are significant Shortcomings (see section *9. Consequences of Certain Issuer's Shortcomings* above) and in certain other cases specified by the Czech Banking Act. The application of crisis resolution measurers and tools (as described above in section *10. Czech Resolution and Recovery Act*) may but does not have to precede the revocation of the Issuer's banking licence. The Czech Insolvency Act distinguishes between:

(a) Commencement of Insolvency Proceedings (as defined below) (in Czech, *zahájení insolvenčního řízení*) against the Issuer;

(b) declaration of insolvency (in Czech, *rozhodnutí o úpadku*) (the **Declaration of Insolvency**); and

(c) declaration of bankruptcy (in Czech, *rozhodnutí o prohlášení konkursu*) (the **Declaration of Bankruptcy**).

The **Commencement of Insolvency Proceedings** means only the commencement of the court proceedings ascertaining whether insolvency (in Czech, *úpadek*) or threatened insolvency (in Czech, *hrozící úpadek*) of the Issuer exists. The occurrence of these proceedings does not automatically lead to the Declaration of Insolvency or the Declaration of Bankruptcy.

The insolvency proceedings are commenced by an insolvency petition (in Czech, *insolvenční návrh*) which may be filed by the Issuer itself, a creditor of the Issuer or the CNB. After the Commencement of Insolvency Proceedings, the insolvency court would examine whether the Issuer is insolvent, and if the court finds so, it would declare the Issuer insolvent.

As of the Commencement of Insolvency Proceedings, the Czech Insolvency Act imposes specific restrictions on the Issuer as well as on the Issuer's creditors to protect the general insolvency estate (in Czech, *majetková podstata*) (the **General Insolvency Estate**). Specifically, as of the moment of publication of an insolvency petition and unless the insolvency court rules otherwise, the Issuer is obliged to refrain from any dispositions with the assets that form part of the General Insolvency Estate and those assets which may potentially belong there, provided that such dispositions would cause significant changes in the composition, usage or determination of these assets or a reduction, other than negligible reduction, of these assets. Also, the Issuer's monetary obligations which arose before the Commencement of Insolvency Proceedings can only be performed by the Issuer to the extent permitted under the terms of the Czech Insolvency Act. All the Issuer's actions contradicting these limitations are ineffective *vis-à-vis* its creditors, unless taken with the prior consent of the insolvency court. These restrictions do not apply, in particular, to the Issuer's actions necessary for: (i) the performance of the obligations stipulated by special regulation; (ii) operating its business within the ordinary course of business; (iii) diversion of imminent damage; (iv) the performance of procedural sanctions; and (v) the performance of receivables against the General Insolvency Estate (in Czech, *pohledávky za majetkovou podstatou*) and receivables set at the same level as receivables against the General Insolvency Estate (in Czech, *pohledávky postavené na roveň pohledávkám za majetkovou podstatou*).

If the insolvency court finds it necessary for the protection of the General Insolvency Estate, it may, at its discretion, for the period from the Commencement of Insolvency Proceedings until the Declaration of Bankruptcy, issue a preliminary injunction prohibiting the Issuer from making dispositions with the assets in the General Insolvency Estate or by making such dispositions subject to the approval of the preliminary insolvency administrator's (in Czech, *předběžný správce*), who is appointed by the insolvency court (the **Preliminary Injunction**). The insolvency court may further order the Issuer's debtors to perform their obligations to the preliminary insolvency administrator rather than to the Issuer.

For a Czech Bank as the Issuer, there is only one available method of resolving insolvency, which is bankruptcy (in Czech, *konkurs*). The insolvency court would always decide simultaneously on the Declaration of Insolvency to confirm the state of affairs (i.e. that the Issuer is insolvent) and on the Declaration of Bankruptcy to decide on the method to resolve the insolvency. The outcome of bankruptcy would be that all the Issuer's assets would be liquidated and the Issuer wound up. As of the moment of the Declaration of Bankruptcy, among other things, the Issuer's right to dispositions with the General Insolvency Estate is transferred to the court appointed insolvency administrator (in Czech, *insolvenční správce*) (the **Insolvency Administrator**) and any subsequent legal acts of the Issuer are ineffective *vis-à-vis* its creditors. As of the publication of the Declaration of Bankruptcy, the liquidation of the Issuer would be interrupted and any preliminary injunctions (including Preliminary Injunctions) issued so far (unless the insolvency court decides otherwise) cease to apply.

If the insolvency proceedings are initiated in respect of the Issuer, the proceedings are limited to the General Insolvency Estate. The Commencement of the Insolvency Proceedings does not cause the obligations and debts in respect of the Covered Block to become due and payable.

The Covered Blocks in the Issuer's insolvency and in certain other cases

Section 375(3) of the Czech Insolvency Act provides that neither the Commencement of Insolvency Proceedings nor the Declaration of Insolvency and the Declaration of Bankruptcy shall affect the Issuer's Covered Blocks in any way. Further, the Czech Insolvency Act explicitly provides that the Cover Pool created in accordance with the provisions of the Czech Bonds Act is not a part of the Issuer's General Insolvency Estate. Therefore, all of the assets in the Cover Pool remain ring-fenced and thus segregated from any other assets of the Issuer which fall within the Issuer's General Insolvency Estate. If an asset is removed from the Cover Assets Register, it is no longer protected and becomes a part of the Issuer's insolvency estate.

Section 32a of the Czech Bonds Act provides that, without undue delay after (i) the CNB has filed an insolvency petition seeking the Declaration of Insolvency of the Issuer, (ii) the Commencement of the Insolvency Proceedings, (iii) the Issuer has entered into liquidation or (iv) the CNB has revoked the Issuer's banking licence (the **Triggers for the Appointment of the Covered Block Administrator**), the CNB appoints an involuntary covered block administrator (in Czech, *nucený správce krytých bloků*) (the **Covered Block Administrator**).

Upon its appointment, the Covered Block Administrator manages all the Covered Blocks of the Issuer. The administration of the Covered Blocks by the Covered Block Administrator ends after (i) Transfer of the Covered Block (as defined below) or (ii) the Cover Pool Liquidation (as defined below) has been completed. In order to ensure the proper management of the Covered Block, only (i) another Czech bank or (ii) a bank having its seat in another EU or EEA member state that issues securities comparable to Czech covered bonds or manages assets that are comparable to the Cover Assets (the **Eligible Entity**) may be appointed as the Covered Block Administrator by the CNB. The Czech Bonds Act also ensures that no conflict of interests will occur in respect of managing these separate parts of the estate of the Issuer. The Insolvency Administrator, an interim administrator, a liquidator or any other person who could potentially act in the conflict of interests with the interests of the Czech Mortgage Covered Bondholders may not be the same person as the Covered Block Administrator.

The Covered Block Administrator is charged with management of the Covered Blocks and is obliged to act with professional care while always respecting and promoting the best interests of the Czech Mortgage Covered Bondholders. Any legal act that relates to an asset registered in Cover Asset Register which is not a discharge of a debt and which has been made by a person other than the Covered Block Administrator without his consent has no legal effect. The Covered Block Administrator may enter into

an arrangement either for the benefit or to the detriment of the Covered Block only in order to improve liquidity or hedge against risk.

Where, after the Commencement of Insolvency Proceedings, the aggregate value of the Cover Assets in the Cover Pool is lower than the total nominal value of the debts for whose cover the Cover Pool serves (the **Over-indebted Covered Block**), the Covered Block Administrator shall quantify the claims of the Czech Mortgage Covered Bondholders and of the creditors of the Accessory Debts to the extent in which they are not covered by the Cover Pool and, without undue delay, shall send the quantification to the insolvency court within the period stipulated by the law for the registration of claims in the insolvency proceedings. Upon delivery of the quantification to the insolvency court, the respective claims contained therein are deemed to be registered. Only in the case where the Covered Block Administration fails to send the quantification to the insolvency court without undue delay within the period stipulated by the law for the registration of claims in the insolvency proceedings, the Czech Mortgage Covered Bondholders and creditors of Accessory Debts may register their respective claims to the extent in which they are not covered by the Cover Pool with the insolvency court within the period of 1 year from the moment the period stipulated by the law for the registration of claims in the insolvency proceedings has elapsed. The portion of the claims registered with the insolvency court mentioned above would rank *pari passu* with all the unsecured and unsubordinated obligations of the Issuer and be satisfied on *a pro rata* basis with all other general creditors' claims (i. e. the portions of the claims concerned will be satisfied from the General Insolvency Estate).

Also, the Czech Bonds Act contains express provisions regarding the segregation of the cash flows from the assets in the Cover Pool, following the Commencement of Insolvency Proceedings, Declaration of Insolvency, Declaration of Bankruptcy or other situations when the Covered Block Administrator must be appointed by the CNB, as provided for in the Czech Bonds Act. The Covered Block Administrator is upon its appointment obliged to open a separate account for the purpose of collecting payments representing repayments of the debts from the Cover Assets included in the Cover Pool and, alternatively, the debts relating to the Cover Assets included in the Cover Pool. But, on the other hand, the cash flows received from the Cover Assets included in the Cover Pool before the Covered Block Administrator has been appointed will not become part of the Cover Pool.

The General Insolvency Estate is administered by the Insolvency Administrator. The Insolvency Administrator must co-operate with the Covered Block Administrator to ensure the proper management of the Covered Block. The Czech Mortgage Covered Bondholders may not give any instructions to the Insolvency Administrator and the Insolvency Administrator must uphold the common interest of all of the Issuer's creditors.

After the satisfaction of all of the creditors' claims, any part of the Cover Pool remaining will be used to satisfy all the other general creditors' claims in accordance with the court-approved distribution schedule.

If the case of the Over-indebted Covered Block, the Covered Block Administrator may decide on a proportional (*pari passu*) decrease of debts from the Czech Mortgage Covered bonds and Accessory Debt (save for (i) a receivable of a Covered Block Administrator; (ii); (ii) a receivable of a common representative of the Czech Mortgage Covered Bondholders; and (iii) a receivable of counterparty of the Derivative arising under the Derivative or in direct connection with it (provided the relevant Derivative is registered in the Cover Assets Register))[11] for whose cover the Cover Pool serves, resulting in a removal of the decreased amount of such debts from the Covered Block (the **Pari Passu Haircut**). Claims deriving from the portion of debts from the Czech Mortgage Covered bonds and Accessory Debt which, as a result of Pari Passu Haircut, ceased to be part of the Covered Block may be registered for the purposes of insolvency proceedings with the insolvency court by Covered Block Administrator, Czech Covered Bondholder or a creditor of the relevant Accessory Debt at any time during the insolvency proceedings (irrespective whether the period for registration of claims in the insolvency proceedings elapsed) save for when such claims have already been registered for the purposes of the

[11] Note that the reference contained in the Section 32e(1) of the Czech Bonds Act to the types of Accessory Assets which may not be subject to the Pari Passu Haircut is likely incorrect due to the changes made in the list of Accessory Assets contained in Section 31a(4) of the Czech Bonds Act which was subject to the changes during the course of the legislative process of the amendments thereto. It is likely that the intention of the legislator was in fact to exclude the Accesory Assets of the following type from the Pari Passu Haircut: (i) a receivable of a Covered Block Administrator; (ii) a receivable of a common representative of the Czech Mortgage Covered Bondholders; and (iii) a receivable of another person specified in the relevant terms and conditions or the relevant prospectus that participated on the issuance of the Czech Mortgage Covered Bonds or on the administration of the Covered Block which serves to cover such debts.

insolvency proceedings by means of the Covered Block Administrator sending the quantification of the claims of the Czech Mortgage Covered Bondholders and of the creditors of the Accessory Debts to the extent in which they are not covered by the Cover Pool to the insolvency court within the period stipulated by the law for the registration of claims in the insolvency proceedings (see above).

Upon its appointment, the Covered Block Administrator may also and irrespective whether the Pari Passu Haircut occurred (i) decide on realisation of all assets in the Cover Pool and consequently proceed with early repayment of the Czech Mortgage Covered Bonds either partial or in full (the **Cover Pool Liquidation**), (ii) decide on realisation of selected assets in the Cover Pool (the **Liquidation of Selected Assets**) or (iii) decide that it will continue to manage the Covered Block.

The Pari Passu Haircut, the Cover Pool Liquidation and Liquidation of Selected Assets require the prior consent of the CNB, which the CNB shall grant if it determines that it is in the interest of the Czech Mortgage Covered Bondholders, for its validity. No further approval, notification or consent is required for the Pari Passu Haircut, the Cover Pool Liquidation and the Liquidation of Selected Assets to be effective. If the meeting of the Czech Mortgage Covered Bondholders adopts a decision on the Pari Passu Haircut, the Cover Pool Liquidation or the Liquidation of Selected Assets, the Covered Block Administrator is bound by such a decision and is obliged to make a request for the consent of the CNB to proceed with the Pari Passu Haircut, the Cover Pool Liquidation or the Liquidation of the Selected Assets.

If the proceeds from the Cover Pool Liquidation are not sufficient to satisfy the claims of the Czech Mortgage Covered Bondholders and of the creditors of the Accessory Debts in full, the unsatisfied portion of those claims may be registered for the purposes of insolvency proceedings with the insolvency court by the Czech Covered Bondholder or a creditor of the relevant Accessory Debt at any time during the insolvency proceedings (irrespective whether the period for registration of claims in the insolvency proceedings elapsed) save for when such claims have already been registered for the purposes of the insolvency proceedings by means of the Covered Block Administrator sending the quantification of the claims of the Czech Mortgage Covered Bondholders and of the creditors of the Accessory Debts to the extent in which they are not covered by the Cover Pool to the insolvency court within the period stipulated by the law for the registration of claims in the insolvency proceedings (see above). Such claims will rank pari passu with all the unsecured and unsubordinated obligations of the Issuer and will be satisfied on a pro rata basis with all other general creditors' claims as already stated above.

Upon its appointment, the Covered Block Administrator may further transfer the whole Covered Block and its management to another Eligible Entity (the **Transfer of the Covered Block**). The Covered Block Administrator may not transfer the Covered Block to itself. Apart from the consent of the CNB, which the CNB shall grant if it determines that the Transfer of the Covered Block is in the interests of the Czech Mortgage Covered Bondholders), no further approval, notification or consent with the Transfer of the Covered Block is required for its validity. A transfer of the Covered Block made without such consent shall have no legal effects. The Czech Bonds Act further stipulates that if the meeting of the Czech Mortgage Covered Bondholders adopts a decision on Transfer of the Covered Block, the Covered Block Administrator is bound by such decision and is obliged to make a request for the consent of the CNB to proceed with such Transfer of the Covered Block. Also, the meeting of the Czech Mortgage Covered Bondholders may decide on refusing the Transfer of the Covered Block and again, the Covered Block Administrator would be bound by such decision.

The Transfer of the Covered Block has to be always done in relation to the Covered Block as a whole (i.e. assets and liabilities) and as a result it is not possible to transfer just the Cover Pool itself (i.e. only the assets).

ENFORCEMENT OF JUDGMENTS IN THE CZECH REPUBLIC AND REGULATION OF EMERGENCY MEASURES IN THE CZECH REPUBLIC

The Conditions provide, *inter alia*, that the courts of England shall have jurisdiction to settle any disputes, which may arise out of or in connection with the Trust Deed or the Mortgage Covered Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Mortgage Covered Bonds). The Issuer appointed Law Debenture Corporate Services Limited, at its registered office for the time being at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom 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 Trust Deed or the Mortgage Covered Bonds 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 the EU Member States, the Recast Brussels Regulation 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 of 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. In addition, EC Regulation No. 864/2007 on the law applicable to non-contractual obligations of 11 July 2007 allows parties to make a choice with respect to governing law of their non-contractual obligations in civil and commercial matters, subject to the terms set out therein. 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 recognised 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 recognised 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 a 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 recognised 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 recognised 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 Czech Act No. 240/2000 Coll., on Crisis Management and on Amendments of Certain Acts (Crisis Act), as amended, if such a state of emergency is declared, payments in foreign currency or abroad generally, interbank transfers of moneys from abroad to the Czech Republic and/or sale of securities (including the Mortgage Covered Bonds) abroad may be suspended for the duration of such a state of emergency. Such a 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.

THE INTERNATIONAL COVER POOL

Cover Pools of the Issuer

The Issuer operates two Cover Pools. The first is the International Cover Pool, which covers the Mortgage Covered Bonds issued under this Programme (and certain other Accessory Debts). The second is the Local Cover Pool, which covers the Czech Mortgage Covered Bonds issued under the Local Covered Bond Programme (and certain other debts). In the future, the Issuer may also create other Cover Pools than the International Cover Pool and the Local Cover Pool.

With the creation of one or more Cover Pools, the Issuer also creates a Covered Block. The Covered Block is constituted of the Cover Pool and the debts that it covers.

Composition of Assets Included in the International Cover Pool

Statutory Eligibility Criteria for Eligible Assets

The Czech Bonds Act and the CNB Decree prescribe that a Cover Pool created by the Issuer may only consist of the Cover Assets and the Accessory Assets (the **Statutory Eligibility Criteria**) (for details see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* above).

The Statutory 85 % Test has to be complied on an on-going basis. Only the Mortgage Loans may be used to meet the Statutory 85 % Test. In relation to the Czech Bonds Act Mortgage Loans, the Statutory 100 % Individual LTV Test will apply, whereas for the CRR Mortgage Loans, specific collateral value tests, as set out in the CRR, will apply (for details see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* above).

Contractual Eligibility Criteria for Eligible Assets

In addition to the Statutory Eligibility Criteria, pursuant to the Trust Deed, the Issuer covenants to apply contractual eligibility criteria in relation to Cover Assets included in the International Cover Pool (the **Contractual Eligibility Criteria**) and to ensure that the Contractual Eligibility Criteria are met by the International Cover Pool.

The Contractual Eligibility Criteria are that:

(a) the Mortgage Loans are governed by Czech law;

(b) the Mortgaged Property is real property as evidenced by an extract from the Czech Real Estate Register;

(c) the Mortgaged Property is located in the Czech Republic;

(d) the Mortgaged Property is Residential Property;

(e) the Mortgage Loans are not in Default;

(f) under each Mortgage Loan, the maximum amount of secured receivables of the Issuer is at least equal to the amount of receivables from that Mortgage Loan included in the International Cover Pool;

(g) the Mortgage Loan receivables amount included in the International Cover Pool is capped at a maximum LTV Ratio of 80%;

(h) the Mortgage Loans are all denominated and payable by the relevant borrower in Czech Koruna (or other currency which may replace Czech Koruna as the official legal currency in the Czech Republic from the date of such replacement);

(i) the International Cover Pool does not contain any asset-backed securities;

(j) the relevant borrower has paid at least one instalment (also considering an interest instalment only) in respect of the Mortgage Loan;

(k) the Mortgage Loans are fully disbursed and the relevant borrower does not have a right or entitlement to any additional advance from the Issuer;

(l) to the Issuer's knowledge, the Mortgage Loans are not subject to any State Subsidy to be used to directly or indirectly finance any payment of principal or interest or their part under that Mortgage Loan;

(m) the Mortgage Loans have been granted to one or more individuals; and

(n) the Mortgage Loans do not include any Employee Mortgage Loans.

Notwithstanding any other definitions used in this Base Prospectus, for the purposes of interpretation of the terms used in the definition of the Contractual Eligibility Criteria, the terms shall be interpreted as set out in the Trust Deed. Specifically:

Cover Assets means the assets registered in the Cover Assets Register and satisfying the Statutory Eligibility Criteria and the Contractual Eligibility Criteria (if applicable for the particular Cover Asset).

Cover Assets Register means a Cover Assets register maintained by the Issuer for each Cover Pool in accordance with the Czech Bonds Act and the CNB Decree.

CRR Mortgage Loans means the Issuer's mortgage loans pursuant to Article 129(1)(d)-(f) of the CRR.

Czech Bonds Act Mortgage Loans means the Issuer's mortgage loan receivables pursuant to Section 31(2)(a) of the Czech Bonds Act.

Czech Property Valuation Act means the Act No. 151/1997 Coll., on property valuation, as amended;

Czech Real Estate Register means the Czech real estate register (in Czech, *katastr nemovitostí*) kept pursuant to the Czech Act No. 256/2013 Coll., on the Real Estate Register, as amended.

Default means a default in respect of the borrower under the Mortgage Loan pursuant to Article 178 of the CRR.

Employee Mortgage Loan means any Mortgage Loan (i) falling within the product category of Mortgage Loans that the Issuer only offers to the Issuer's current employees and that may contain the best terms or conditions selected from the features of other product categories of Mortgage Loans offered by the Issuer to the public or (ii) provided by the Issuer to its current employee on terms which at the time the terms were agreed differed from those offered to non-employees.

International Cover Pool means a part of the assets of the Issuer, which is recorded separately and which is composed of assets satisfying the relevant contractual and statutory eligibility criteria set out in the Trust Deed to cover the obligations of the Issuer arising from the Mortgage Covered Bonds (including, among other things, their aggregate nominal value and proportionate yield) with a cover pool identifier: Komerční_banka_HZL_EUR_0001.

LTV Ratio means the percentage ratio of the amount of receivables of the Issuer from a Mortgage Loan divided by the Mortgaged Property Value of the relevant Mortgaged Property securing such Mortgage Loan.

Mortgage Loans means the Czech Bonds Act Mortgage Loans and the CRR Mortgage Loans included in the International Cover Pool.

Mortgaged Property means, in relation to any Mortgage Loan, the real property pledged to secure such Mortgage Loans, in relation to which all the relevant applicable laws are fulfilled.

Mortgaged Property Value means the total value of all the Mortgaged Property as determined by the Issuer in accordance with applicable laws (including the Czech Property Valuation Act) and the Issuer's internal rules for valuation of the Mortgaged Property.

Relevant Exchange Rate means the equivalent in Czech Koruna determined by the Issuer: (i) at the rate available from the Czech National Bank or any successor source for the conversion of the relevant currency or currencies into Czech Koruna on the Business Day before the relevant determination; or (ii) if no such direct exchange rate of the relevant currency or currencies to the Czech Koruna is available, the Issuer will use for conversions into Czech Koruna the exchange rate of the relevant currency or currencies (as available from the relevant central bank) to the U.S. dollar or the EUR and subsequently converting such amount in U.S. dollars or EUR pursuant to the valid U.S. dollar or EUR exchange rate to the Czech Koruna (as available from the Czech National Bank) on the Business Day before the relevant determination.

Residential Property means residential property pursuant to Article 4(75) of the CRR.

State Subsidy means any subsidy or similar benefit within the meaning of Czech Government Regulation No. 249/2002 Coll., on Conditions of the Provision of Subsidies in relation to Mortgage Loans Provided to Persons Under 36 Years of Age, as amended, and Czech Government Regulation No. 244/1995 Coll., on Conditions of the Provision of Financial Subsidies in relation to Mortgage Loans for Housing Development, as amended, or any further subsidy or similar benefits that may be introduced into Czech law after the date of the Base Prospectus; for the avoidance of any doubt, the definition of State Subsidy shall not include any tax benefits.

In relation to the Contractual Eligibility Criteria, unless otherwise required by the applicable law, each amount shall be calculated: (i) if denominated in a currency other than Czech Koruna, in the Czech Koruna equivalent of such amount ascertained using the Relevant Exchange Rate relating to such amounts as at the relevant date; and (ii) if denominated in Czech Koruna, in the applicable amount in Czech Koruna.

Tests relating to the International Cover Pool

Statutory Tests

Pursuant to the Trust Deed, the Issuer is required to maintain the International Cover Pool in accordance with the following requirements for the Cover Assets.

The Issuer covenants to ensure that it maintains the International Cover Pool in compliance with the Statutory Minimum OC Level Test, the Statutory 85% Test and the Statutory 100% Individual LTV Test (the **Statutory Tests**).

The Statutory Minimum OC Level Test

The Czech Bonds Act stipulates that the aggregate value of all the Cover Assets included in the International Cover Pool must represent at least 102% of the aggregate value of all debts covered by the International Cover Pool, i.e. resulting in a minimum 2% statutory over-collateralisation requirement (i.e. Statutory Minimum OC Level Test). For the purposes of the Statutory Minimum OC Level Test, 1% of the aggregate nominal amount of the Mortgage Covered Bonds must always be added to the aggregate value of all debts covered by the International Cover Pool as an expected value of (i) a receivable of a Covered Block Administrator; (ii) a receivable arising out of legal acts of a Covered Block Administrator undertaken for the benefit of the International Cover Pool; (iii) a receivable of a common representative of the Mortgage Covered Bondholders; and (vi) a receivable of another person specified in the relevant terms and conditions or the relevant prospectus that participated on the issuance of the Mortgage Covered Bonds or on the administration of the International Covered Block which serves to cover such debts.

Moreover, for the purposes of the Statutory Minimum OC Level Test, the Issuer intends to (but, for avoidance of doubt, is not obliged to) disregard, so long as the Legacy Mortgage Covered Bonds (as defined below) remain outstanding, the positive real value of Derivatives included in the International Cover Pool (if any). In place of the positive real value of the Derivative (if any), the Issuer intends to, so long as the Legacy Mortgage Covered Bonds remain outstanding, supply additional Eligible Assets (or other Accessory Assets) into the International Cover Pool for the purposes of the test in appropriate volumes. In effect, this may cause the International Cover Pool to be over-collateralised to a greater extent than required by the Statutory Minimum OC Level Test, and will also, so long as the Legacy Mortgage Covered Bonds remain outstanding, unify the methodology used by the Issuer in relation to the calculation of the positive real value of the Derivatives for the purposes of the Statutory Minimum OC Level Test and the Contractual Asset Cover Test (as described below).

The Statutory 85% Test

The Issuer covenants to ensure that the Mortgage Loans Ratio (as defined below) is an amount equal to at least 85% of the aggregate value of all debts covered by the International Cover Pool (i.e. the Statutory 85 % Test).

For the purposes of the Statutory 85 % Test and the Statutory Minimum OC Level Test, the **Mortgage Loans Ratio** means the sum of the outstanding Nominal Values of all the Mortgage Loans used as Cover Assets, where the Nominal Value is deemed to be zero, for (i) each Mortgage Loan (including CRR Mortgage Loan) if such Mortgage Loan is in Default; (ii) each Mortgage Loan if such Mortgage Loan does not fulfil requirements set out in Section 30(1) of the Czech Bonds Act; (iii) each Mortgage Loan in the case of an obligor's default pursuant to Article 178 of the CRR; and (iv) each CRR Mortgage Loan if such CRR Mortgage Loan do not fulfil the applicable CRR requirements. A part of the Mortgage Loan which exceeds 100% of the Mortgaged Property Value is disregarded to such extent.

The Statutory 100% Individual LTV Test

The Czech Bonds Act stipulates that the nominal value of each Czech Bonds Act Mortgage Loan included in the International Cover Pool may not exceed 100% of the Mortgaged Property Value. To the extent the nominal value of an individual Czech Bonds Act Mortgage Loan exceeds such limit (and only to that extent), it is disregarded for the purpose of calculating the Statutory Cover Tests. For the CRR Mortgage Loans, specific collateral value tests, as set out in the CRR, will apply.

Contractual Asset Cover Test

In addition to the Statutory Tests, the Issuer covenants to ensure that the Contractual Adjusted Aggregate Cover Pool Balance is an amount at least equal to 105% of all Debts (the **Contractual Asset Cover Test**).

Notwithstanding any other definitions used in this Base Prospectus, for the purposes of interpretation of the terms used in the definition of the Contractual Asset Cover Test, the terms will be interpreted in the same manner as in relation to the Contractual Eligibility Criteria (see above) and, in addition:

Adjusted Value means, unless required by the applicable laws otherwise, for:

(a) each Mortgage Loan, the lower of:

  (i) the outstanding Nominal Value of such Mortgage Loan; and

  (ii) 80% of the Mortgaged Property Value related to such Mortgage Loan;

(b) each PSB's Receivables and Exposures, its outstanding Nominal Value;

(c) the Cash, its outstanding Nominal Value;

(d) each Derivative:

  (i) so long as the Legacy Mortgage Covered Bonds remain outstanding, zero, provided however that the negative real value of each Derivative determined pursuant to Section 28a of the Czech Bonds Act shall increase the Debts to the full extent (without any deduction); and

  (ii) following the full repayment and cancellation of the Legacy Mortgage Covered Bonds, its real value determined pursuant to the applicable law; and

(e) each Liquid Asset, its outstanding Nominal Value.

Cash means receivables or other assets of the Issuer pursuant to Section 31(2)(d) of the Czech Bonds Act.

Contractual Adjusted Aggregate Cover Pool Balance means the sum of the outstanding Adjusted Values of all Cover Assets.

Czech Bonds Act PSB's Receivables means receivables set out in Sections 31(2)(b) and (c) of the Czech Bonds Act that also comply with Section 31(8) of the Czech Bonds Act.

CRR PSB's Receivables means exposures pursuant to Article 129(1)(a) or (b) of the CRR.

Debts means all debts covered by the International Cover Pool for the purposes of the Statutory Tests set out in Sections 28a(1) and (2) of the Czech Bonds Act.

Derivatives means rights arising out of a derivative in accordance with Section 2 point 5 of the Regulation (EU) No. 648/2012 of the European Parliament and of the Council, on OTC derivatives, central counterparties and trade repositories (i.e. a financial instrument as set out in points (4) to (10) of Section C of Annex I to MiFID II), provided that all the relevant conditions set out in Section 31 of the Czech Bonds Act are met.

Legacy Mortgage Covered Bonds means the Mortgage Covered Bonds issued by the Issuer under the Programme on 20 January 2021 in the total nominal amount of EUR 500,000,000, ISIN XS2289128162.

Liquid Assets means the assets registered in the Cover Assets Register referred to in Section 28aa(3) of the Czech Bonds Act.

Nominal Value means the outstanding principal balance of a Mortgage Covered Bonds, Mortgage Loans or any other debt or security as the case may be or a sum thereof if the context so requires.

PSB's Receivables and Exposures means CRR PSB's Receivables and Czech Bonds Act PSB's Receivables.

Statutory Tests means all the mandatory statutory tests required by the applicable law or regulations to be fulfilled by the Issuer in respect of the Mortgage Covered Bonds or the International Cover Pool, in particular the Czech Bonds Act, including those set out in Sections 28a(1), (2) and (3) of the Czech Bonds Act.

Statutory Eligibility Criteria means the statutory eligibility criteria for cover assets included in the International Cover Pool as set out in the applicable law or regulations, including the Czech Bonds Act and the CNB Decree, in particular Sections 30 and 31 of the Czech Bonds Act.

The Issuer covenants that it will provide from time to time to the Rating Agency (or another rating agency which has rated the Mortgage Covered Bonds) and the Asset Monitor information on the current value of the Contractual Adjusted Aggregate Cover Pool Balance and will confirm compliance by the Issuer with the Contractual Asset Cover Test. For the avoidance of doubt, a breach of the Contractual Asset Cover Test will not result in an Event of Default. However, while such breach is continuing, the Issuer cannot issue any Czech Covered Bonds which have the benefit of the Issuer's International Cover Pool.

In relation to the Contractual Asset Cover Test, unless otherwise required by the applicable law, each amount shall be calculated: (i) if denominated in a currency other than Czech Koruna, in the Czech Koruna equivalent of such amount ascertained using the Relevant Exchange Rate relating to such amounts as at the relevant date; and (ii) if denominated in Czech Koruna, in the applicable amount in Czech Koruna.

Liquidity Buffer

The Issuer covenants that the International Cover Pool will at all times include the Liquidity Buffer composed of the Liquid Assets. The Issuer further covenants that the Liquidity Buffer will be available at all times in order to cover the maximum cumulative net liquidity outflow (i.e. all payment outflows falling due on one day, including principal and interest payments arising under the Mortgage Covered Bonds and payments under Derivative in the International Covered Block, net of all payment inflows falling due on the same day for claims related to the International Cover Pool) over a period of 180 days.

For the avoidance of doubt failure by the Issuer to maintain the Liquidity Buffer does not constitute an event of default under the Terms and Conditions or a breach of the Terms and Conditions and does not give the Mortgage Covered Bondholders or other persons any rights.

Asset Monitor Agreement

Under the terms of the asset monitor agreement entered into on 4 January 2021 by the Issuer, the Asset Monitor and the Trustee, as amended and restated by the amendment no. 1 dated 3 October 2025 (such Asset Monitor Agreement as amended and/or supplemented and/or restated from time to time, the **Asset Monitor Agreement**), the Asset Monitor has agreed, subject to due receipt of information to be provided by the Issuer to the Asset Monitor, to carry out certain procedures in relation to the Statutory Eligibility Criteria pursuant to Section 30 of the Czech Bonds Act, the Contractual Eligibility Criteria, the Statutory Tests, the Contractual Asset Cover Test and certain other requirements imposed by Czech law or the agreements in respect of the International Cover Pool on each relevant Asset Monitor Calculation Date (as defined in the Asset Monitor Agreement). The Asset Monitor has been performing its role from 31 January 2021 and will only be required to perform its role in the scope as per the wording of the Asset Monitor Agreement valid on the date the Asset Monitor is performing its procedures. The Asset Monitor Report will not be publicly available or available to potential investors in the Mortgage Covered Bonds.

If an Event of Default occurs and is continuing, the Asset Monitor shall conduct the agreed procedures on a monthly basis for a six-month period subject to the receipt of the relevant information from the Issuer.

If the assessments and checks conducted by the Asset Monitor in accordance with the terms of the Asset Monitor Agreement reveal arithmetic or other errors which, according to the assessment of the Issuer, acting with a due care, evidence a Potential Event of Default resulting from the fact that the Statutory Tests had been failed on the relevant Annual Asset Monitor Calculation Date (as defined in the Asset Monitor Agreement), the Asset Monitor shall conduct the agreed procedures as of and in respect of the Additional Asset Monitor Calculation Date immediately following the Annual Asset Monitor Calculation Date (as defined in the Asset Monitor Agreement) subject to the receipt of the relevant information from the Issuer.

Within forty five Business Days (as defined in the Asset Monitor Agreement) of receiving the relevant information from the Issuer, the Asset Monitor shall notify the parties to the Asset Monitor Agreement of their findings in a report following a specified form (the **Asset Monitor Report**).

The Asset Monitor is entitled to assume that all information provided to it by the Issuer for the purpose of reporting on the arithmetic or other accuracy is true and correct, complete and not misleading, and is not required to and will not conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information, save that the Asset Monitor will be required to advise the Issuer if it has not been provided with any of those figures which it is required to provide. However, if information required to be provided by the Issuer is missing or the information provided by the Issuer is not consistent with other information provided by the Issuer or from other sources, the Asset Monitor shall request such information as is required to analyse the inconsistencies in the information provided and shall report any inconsistencies or other findings which would affect the eligibility of Cover Assets or the outcome of the Statutory Tests or the Contractual Asset Cover Tests.

The Asset Monitor Report will be delivered to the Issuer, the Trustee and, subject to the terms and conditions of the Asset Monitor Agreement, also to the Arranger, the Dealers, the Rating Agency and the Mortgage Covered Bondholders.

The Issuer may, at any time, terminate the appointment of the Asset Monitor by giving the Asset Monitor 60 days' written notice, provided that such termination may not be effected unless and until a replacement has been found by the Issuer (such replacement to be approved by the Trustee, such approval to be given if the replacement is an accountancy firm of national standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor.

The Asset Monitor may, at any time, resign from its appointment by giving the Issuer 60 days' prior written notice (the Issuer shall provide a copy of such notice to the Rating Agency), provided that such termination may not be effected unless and until a replacement has been found for the Asset Monitor by the Issuer (such replacement to be approved by the Trustee, such approval to be given if the replacement is an accountancy firm of national standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor.

In addition, the Asset Monitor may resign from its appointment upon giving 30 days' prior written notice if any action taken by the recipients of the Asset Monitor Report (the **Recipients**) causes a professional conflict of interest for the Asset Monitor under the rules of the professional and/or regulatory bodies regulating the activities

of the Asset Monitor. The Asset Monitor will inform the Recipients as soon as reasonably practicable of any action of which the Asset Monitor is aware that may cause a professional conflict of interest for the Asset Monitor which could result in termination under the relevant clause.

Following a resignation by the Asset Monitor from its appointment under the Asset Monitor Agreement, the Issuer shall immediately use best endeavours to appoint a substitute asset monitor to provide the services set out in the Asset Monitor Agreement (such replacement to be approved by the Trustee, such approval to be given if the replacement is an accountancy firm of national standing). If a substitute asset monitor is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Issuer shall use best endeavours to appoint an accountancy firm of national standing approved by the Trustee to carry out the relevant tests on a one-off basis.

The Asset Monitor Agreement is governed by English law.

Description of the International Cover Pool

Composition of the International Cover Pool

The Issuer does not have a policy determining the composition of the International Cover Pool and the allocation of mortgage loans as between the Local Cover Pool and the International Cover Pool. Instead, the Issuer uses a software which uses an algorithm that automatically allocates mortgage loans that comply with the Statutory Eligibility Criteria and Contractual Eligibility Criteria as set out in this Base Prospectus into the International Cover Pool.

In case of the Issuer's insolvency, the assets in the International Cover Pool will primarily serve for the satisfaction of all Mortgage Covered Bondholders' claims (see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 11. Insolvency of the Issuer and the Cover Pool* above). In order to be included in the International Cover Pool, Mortgage Loans and other Cover Assets have to meet certain statutory and contractual eligibility criteria (see *Composition of Assets Included in the International Cover Pool* and *Tests relating to the International Cover Pool* above for further details).

The composition of assets in the International Cover Pool changes in time, as, for example, Mortgage Loans which are repaid or cease to meet the eligibility criteria are removed from the International Cover Pool and new Mortgage Loans that meet the eligibility criteria are added.

The below table sets out the composition of the International Cover Pool as at 30 June 2025 in terms of the purpose of the loan included in the International Cover Pool, the number of such loans, the Adjusted Value of Mortgage Loans (LTV 80% cap) in CZK and the percentage of the International Cover Pool they make up.

Mortgage Loan purpose	Number of Mortgage Loans	Adjusted Value of Mortgage Loans (LTV 80% cap) in CZK	% of the International Cover Pool
Purchase	6,636	10,618,506,637	69.76%
Construction	513	655,138,804	4.30%
Reconstruction	342	223,989,752	1.47%
Refinancing	2,278	2,977,165,641	19.56%
Others	950	746,706,652	4.91%
Total	**10,719**	**15,221,507,486**	**100%**

The following table provides more detailed information on the composition of the International Cover Pool as of 30 June 2025:

Number of Mortgage Loans	10,719
Number of borrowers	10,486
Number of properties	13,789
Nominal Value of Mortgage Loans in CZK	15,793,976,384
Adjusted Value of Mortgage Loans (LTV 80% cap) in CZK	15,221,507,486

Weighted average of remaining term	19.3 years
Weighted average of term to interest rate reset*	0.6 years
Weighted average of LTV**	57.86%
Mortgaged Property Value in CZK	34,809,008,389
Nominal Value of Mortgage Loans in Arrears > 90 days	0
Borrower concentration: 10 largest borrowers per Adjusted Value of Mortgage Loans in CZK	258,495,823
Borrower concentration: 10 largest borrowers in % of total Adjusted Value of Mortgage Loans	1.70%

** For loans where future interest rate has been formally agreed (with bank customer forfeiting the option of early repayment) the interest reset date reflects the term of this forward rate agreement.*

*** Averages of remaining term, interest rate reset and LTV are weighted by the Adjusted Value of Mortgage Loans (LTV 80% cap) adjusted for the 80% LTV test.*

The following table provides more detailed information on the compliance with the Statutory Tests and the Contractual Asset Cover Test as of 30 June 2025:

Statutory Minimum OC Level Test	102.00%
Contractual Asset Cover Test	105.00%
Over-collateralisation target	120.00%
Over-collateralisation actual	120.01%
Statutory 85% Test	85.00%
Actual Coverage by Mortgage Loans	118.45%

Issuer's International Cover Pool in respect of the Mortgaged Covered Bonds

Management of the International Cover Pool

In accordance with the Czech Bonds Act, the Issuer maintains the Cover Assets Register (as defined in the Terms and Conditions) which contains a separate record of the Eligible Assets included in the International Cover Pool. The Eligible Assets included in the International Cover Pool serve to provide cover in respect of the Mortgage Covered Bonds and the obligations of the Issuer arising from the Mortgage Covered Bonds (i.e., their aggregate nominal value and proportionate yield). For the purposes of managing the International Cover Pool and to comply with the applicable statutory requirements set out in the Czech Bonds Act and the CNB Decree, the Issuer adopted an internal regulation which governs the work streams, procedures and the competences of individual departments in this area.

The Issuer through its independent unit forming part of the risk management arm continuously monitors the real estate market in the Czech Republic and development of real estate prices. The Issuer applies security coefficients when approving Mortgage Loans, which, according to the type of the Mortgaged Property, also take into account a possible drop in the Mortgaged Property Value over the long term. If, on the basis of a revaluation, the Mortgaged Property Value would decrease, the Issuer would, if relevant, reflect this in the amount of receivables from the relevant Mortgage Loan included in the International Cover Pool, or in calculations made in respect of the Statutory Tests and the Contractual Asset Cover Test.

In the context of management of the International Cover Pool, the Issuer has defined International Covered Block management rules consisting of certain selection criteria for the eligible Mortgage Loans included in the International Cover Pool that apply in addition to the Contractual Eligibility Criteria and the Contractual Asset Cover Test, as well as certain rules for foreign exchange and interest rate risk management. These rules can be altered only by its Asset and Liability Committee (**ALCO Committee**) based on analysis conducted by the Treasury department. The ALCO Committee further decides about individual steps leading to an increase or decrease in the minimum ratios of the types of Eligible Assets or about repurchases of the relevant Mortgage Covered Bonds.

Issued and Outstanding Mortgage Covered Bonds Covered by the International Cover Pool

The following table lists information concerning the outstanding Mortgage Covered Bonds issued by the Issuer. The data is valid as of the date of this Base Prospectus.

ISIN	Issued Amount (million EUR)	Interest Yield (% p.a.)	Issue Date	Maturity Date	Extended Maturity Date
X62289128162	500	0.01	20. 01. 2021	20. 01. 2026	20. 01. 2027

Hedging related to the International Covered Block

The Issuer may (but is not required to) enter into Hedging Arrangements in the form of Derivatives in order to hedge foreign exchange, interest rate or other risks related to the Cover Assets and the debts under the Mortgage Covered Bonds issued under the Programme, and include them in the International Covered Block, provided that certain conditions set out in the Czech Bonds Act are fulfilled (for details see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 3. Cover Assets, Liquidity Buffer and Statutory Cover Tests* and *6. Covered Block and its Management* above). The Issuer may also use other methods to manage the above risks, such as applying certain further selection criteria to the Cover Assets included in the International Cover Pool.

USE OF PROCEEDS

The net proceeds from each issue of Mortgage Covered Bonds will be applied by the Issuer for its general business purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

Furthermore, where "Green Mortgage Covered Bonds", "Social Mortgage Covered Bonds" or "Sustainability Mortgage Covered Bonds" is specified in the relevant Final Terms, the Issuer will apply an amount equivalent to the net proceeds to finance or refinance, in whole or in part, the Eligible Assets set out below which are included or to be included in the International Cover Pool.

SG Group has established the Framework which further specifies the eligibility criteria for the Eligible Activities set out below based on the recommendations included in the voluntary process guidelines for issuing green, social and sustainability bonds published by the International Capital Market Association (**ICMA**) (the **ICMA Green Bond Principles**, the **ICMA Social Bond Principles**, the **ICMA Sustainability Bond Guidelines** and together, the **ICMA Sustainable Bond Principles**). The Framework can be accessed on the website of SG Group (https://www.societegenerale.com/sites/default/files/documents/2025-09/sustainable-financing-framework-2025.pdf). For the avoidance of doubt, neither the Framework nor the content of the website or any Second Party Opinion (as defined below) are incorporated by reference into or form part of this Base Prospectus.

For the avoidance of doubt, the Sustainable Mortgage Covered Bonds will in each case be issued as "Secured Standard Bonds" within the meaning of the ICMA Sustainable Bond Principles.

Where "Green Mortgage Covered Bonds" is specified in the relevant Final Terms, the Issuer will apply an amount equivalent to the net proceeds to finance or refinance, in whole or in part, the Eligible Green Assets that meet the eligibility criteria of the **Green Building** Category in accordance with the Framework, these eligibility criteria include the following:

- Buildings built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A, or within the top 15 % of the national or regional building stock expressed as operational Primary Energy Demand (PED)[12]; or

- Buildings built after 31 December 2020, with a PED of at least 10 % lower than the threshold set for the national implementation of the nearly zero-energy building (NZEB) requirements[13] at the time of acquisition; and

- Building subject to renovation that either comply with the applicable requirements for major renovations as set in the applicable national and regional buildings regulations for 'major renovations' implementing Directive 2010/31/EU, or lead to a reduction in PED of at least 30%.[14]

Where "Social Mortgage Covered Bonds" is specified in the relevant Final Terms, the Issuer will apply an amount equivalent to the net proceeds to finance or refinance, in whole or in part, the Eligible Social Assets that meet the eligibility criteria of the **Affordable Housing** category in accordance with the Framework, fostering the development, provision and access to decent and affordable housing, notably through the following:

- Development and construction of social housing projects;

- Renovation, maintenance and improvements of social housing projects; and

- Prêts d'accession sociale (PAS) or social ownership loans (including Prêts à Taux Zéro (PTZ)).

The relevant target population includes the following;

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[12] The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m2 per year and based on the relevant national calculation methodology and as displayed on the EPC.

[13] National implementation of Directive 2010/31/EU of the European Parliament and of the Council.

[14] The 30% improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.

- Social housing organisations;

- Low-income population as defined by relevant regulatory thresholds.

Where “Sustainability Mortgage Covered Bonds" is specified in the relevant Final Terms, the Issuer will apply an amount equivalent to the net proceeds to finance or refinance, in whole or in part, both of the above described Eligible Green Assets and Eligible Social Assets in accordance with the Framework.

ISS-Corporate has provided a second party opinion (the **Second Party Opinion**) on the Framework, including among others its alignment with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by ICMA. The Second Party Opinion is available on the website of SG https://www.societegenerale.com/sites/default/files/documents/2025-09/iss-corporate-second-party-opinion-2025.pdf)

As described in the Framework, the Issuer will publish an annual report on its website detailing both the allocation and impacts of the net proceeds allocated to each of the relevant Eligible Categories.

An annually limited or reasonable assurance report provided by an external party will be published on the website of the Issuer at https://www.kb.cz/en/about-bank/for-investors/eur-covered-bond until the maturity of the Sustainable Covered Bonds, verifying:

(a) the allocated and unallocated net proceeds;

(b) the compliance of the Eligible Assets with the defined eligibility criteria of the relevant categories; and

(c) the review of the main impact indicators.

SELECTED FINANCIAL INFORMATION

The following tables present selected historical audited consolidated financial information of the Issuer as of and for the years ended 31 December 2024 and 2023 which has been derived from the Annual Financial Statements of the Issuer incorporated by reference into this Base Prospectus, and the selected historical consolidated financial information of the Issuer for the period that ended on 30 June 2025 and 30 June 2024 which has been derived from the Interim Financial Statements incorporated by reference into this Base Prospectus. The information below should be read in conjunction with the information contained in "Presentation of Information" and the financial statements of the Issuer incorporated by reference into this Base Prospectus. The financial statements have been prepared in accordance with IFRS as adopted by the EU.

Consolidated statement of income (in CZK million)

	Six months ended 30 June		Year ended 31 December	
	2025	**2024**	**2024**	**2023**
	(unaudited)	(unaudited)	(audited)	(audited)
Interest income	47,876	61,440	115,337	119,128
Interest expense	(35,068)	(49,006)	(90,059)	(93,533)
Net interest income	**12,808**	**12,434**	**25,278**	**25,595**
Net fee and commission income	3,420	3,259	7,291	6,414
Net profit/(loss) on financial operations	1,893	1,695	3,831	3,832
Dividend income	3	56	56	0
Other income	50	103	330	358
Net operating income	**18,174**	**17,547**	**36,786**	**36,199**
Personnel expenses	(4,311)	(4,349)	(8,731)	(8,335)
General and administrative expenses	(2,394)	(2,892)	(5,177)	(5,593)
Depreciation, amortisation and impairment of operating assets	(2,018)	(1,835)	(3,817)	(3,393)
Total operating expenses	**(8,723)**	**(9,076)**	**(17,725)**	**(17,321)**
Operating profit	**9,451**	**8,471**	**19,061**	**18,878**
Impairment losses	1,009	(589)	(1,022)	(120)
Net gain from loans and advances transferred and written off	15	4	29	106
Cost of risk	**1,024**	**(585)**	**(993)**	**(14)**
Income from share of associated undertakings	169	133	257	330
Net profit/(loss) on subsidiaries and associates	0	(54)	(127)	0
Gain on a bargain purchase	0	0	0	0
Net profits on other assets	12	(33)	2,329	(87)
Profit before income tax	**10,656**	**7,932**	**20,527**	**19,107**
Income tax	(1,779)	(1,477)	(3,120)	(3,288)
Net profit for the period	**8,877**	**6,455**	**17,407**	**15,819**
Profit attributable to the non-controlling owners	68	111	164	207
Profit attributable to the Group's equity holders	8,809	6,344	17,243	15,612
Earnings per share (in CZK)	**46.64**	**33.59**	**91.30**	**82.67**
Diluted earnings per share (in CZK)	**46.64**	**33.59**	**91.30**	**82.67**

Note: Net interest income is calculated by applying the effective interest rate method, except that in the case of hedging derivatives the contractual interest rate of the corresponding derivative is used.

Consolidated statement of comprehensive income (in CZK million)

	Six months ended 30 June		Year ended 31 December	
	2025	2024	2024	2023
	(unaudited)	(unaudited)	(audited)	(audited)
Net profit for the period	**8,877**	**6,455**	**17,407**	**15,819**
Items that will not be reclassified to the Statement of Income				
Remeasurement of retirement benefits plan, net of tax	0	0	2	2
Revaluation of equity securities at FVOCI*, net of tax	0	0	(1)	(9)
Items that may be reclassified subsequently to the Statement of Income				
Cash flow hedging				
– Net fair value gain/(loss), net of tax	(68)	137	297	442
– Transfer to net profit/(loss), net of tax	10	(240)	(333)	(830)
Hedge of a foreign net investment	5	(13)	(16)	(21)
Foreign exchange difference on translation of a foreign net investment	(9)	13	18	29
Revaluation of debt securities at FVOCI**, net of tax	12	(15)	(25)	(277)
Impairment of debt securities at FVOCI**, net of tax	0	0	0	0
Share of the other comprehensive income of associates, net of tax	2	(20)	(23)	26
Other income from associated undertakings	0	0	0	0
Other comprehensive income for the period, net of tax	**(48)**	**(138)**	**(81)**	**(638)**
Total comprehensive income for the period, net of tax	**8,829**	**6,317**	**17,326**	**15,181**
Comprehensive income attributable to the Non-controlling owners	65	113	167	210
Comprehensive income attributable to the Group's equity holders	8,764	6,204	17,159	14,971

** Revaluation of equity securities at fair value through other comprehensive income option.*
*** Revaluation of debt securities at fair value through other comprehensive income.*

Consolidated statement of financial position (in CZK million)

	As of 30 June	As of December 31	
	2025	2024	2023
	(unaudited)	(audited)	(audited)
Assets			
Cash and current balances with central banks	74,426	72,956	12,835
Financial assets held for trading at fair value through profit or loss	45,602	41,790	48,464
Other assets held for trading at fair value through profit or loss	0	0	0
Non-trading financial assets at fair value through profit or loss	0	0	0
Positive fair value of hedging financial derivatives	6,952	6,896	8,598
Financial assets at fair value through other comprehensive income	10,148	11,311	16,783
Financial assets at amortised cost	1,437,246	1,371,730	1,397,423
Revaluation differences on portfolios hedge items	(532)	(657)	(815)
Current tax assets	468	276	643
Deferred tax assets	241	253	223
Prepayments, accrued income, and other assets	5,215	6,163	6,279
Investments in associates	2,273	2,675	3,047
Intangible assets	10,829	10,796	10,192

Tangible assets	7,967	7,972	8,034
Goodwill	3,752	3,752	3,752
Assets held for sale	9	87	844
Total assets	**1,604,596**	**1,536,000**	**1,516,302**
Liabilities and equity			
Amounts due to central banks	0	0	0
Financial liabilities held for trading at fair value through profit or loss	36,763	47,138	60,206
Negative fair value of hedging financial derivatives	24,946	28,154	31,241
Financial liabilities at amortised cost	1,363,407	1,281,395	1,247,773
Revaluation differences on portfolios hedge items	(29,035)	(31,764)	(34,944)
Current tax assets	87	189	225
Deferred tax assets	760	611	782
Accruals and other liabilities	22,759	13,788	17,321
Provisions	791	737	854
Subordinated and senior non-preferred debt	64,536	65,715	64,560
Total liabilities	**1,485,014**	**1,405,963**	**1,388,018**
Share capital	19,005	19,005	19,005
Share premium, funds, retained earnings, revaluation, and net profit for the period	98,930	107,653	106,053
Non-controlling interest	1,647	3,379	3,226
Total equity	**119,582**	**130,037**	**128,284**
Total liabilities and equity	**1,604,596**	**1,536,000**	**1,516,302**

Consolidated statement of cash flows (in CZK million)

	Six months ended 30 June		Year ended 31 December	
	2025	**2024**	**2024**	**2023**
	(unaudited)	(unaudited)	(audited)	(audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before Income tax	10,656	7,932	20,527	19,107
Non-cash and other adjustments:				
Movement of allowances/provisions (including impact of loans and advances transferred and written off)	(995)	869	1,013	250
Depreciation and amortisation expense on tangible and intangible fixed assets	2,018	1,835	3,817	3,393
Net profits on other assets	7	34	(2,349)	87
Revaluation of derivatives	1,629	3,066	(1,169)	(8,704)
Accrued interest, amortisation of discount and premium	(1,752)	433	2,739	(492)
Profit/(loss) on subsidiaries and associates	(172)	(135)	(274)	(330)
Foreign exchange differences	(3,815)	1,954	2,822	617
Other changes	51	570	(1,071)	(570)
Operating profit before change in operating assets and liabilities	**7,627**	**16,558**	**26,055**	**13,358**
Changes in assets and liabilities from operating activities after non-cash adjustments:				
Amounts due from banks	(57,108)	(15,103)	74,267	(178,504)
Loans and advances to customers	(9,069)	516	(20,025)	(50,797)
Debt securities at amortised cost	1,993	10,416	(31,847)	(9,469)
Financial assets at fair value through other comprehensive income	1,273	2,437	5,625	18,381

Financial assets held for trading at fair value through profit or loss	(7,569)	(2,587)	(31)	(9,702)
Non-trading financial assets at fair value through profit or loss	0	26	544	135
Other assets	634	491	(695)	(567)
Amounts due to banks	41,229	(42,589)	(11,419)	20,100
Amounts due to customers	42,797	72,276	44,244	177,164
Financial liabilities at fair value through profit and loss	(7,582)	(3,958)	(2,160)	14,290
Other liabilities	8,645	6,208	(3,456)	624
Net cash flow from operating assets and liabilities	**15,243**	**28,133**	**55,047**	**(18,345)**
Net cash flow from operating activities before tax	**22,870**	**44,691**	**81,102**	**(4,987)**
Income tax paid	(1,900)	(2,331)	(2,964)	(5,325)
Net cash flow from operating activities	**20,970**	**42,360**	**78,138**	**(10,312)**
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Dividends received (including associated undertakings)	3	292	291	3
Purchase of tangible and intangible assets	(1,064)	(1,694)	(2,862)	(4,130)
Sale of tangible and intangible assets	89	(8)	70	1
Purchase of investments in subsidiaries and associates	(2,051)	(62)	(71)	(40)
Sale/decrease of investments in subsidiaries and associates	239	245	3,762	0
Net cash flow from investment activities	**(2,784)**	**(1,227)**	**1,190**	**(4,166)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders	(17,115)	(15,757)	(15,646)	(11,290)
Dividends paid to non-controlling interest	0	0	(15)	(217)
Securities issued	0	0	0	0
Securities redeemed	0	0	0	0
Lease liabilities	(261)	(238)	(516)	(457)
Subordinated and senior non-preferred debt	0	0	0	24,725
Net cash flow from financing activities	**(17,376)**	**(15,995)**	**(16,177)**	**12,761**
Net increase/(decrease) in cash and cash equivalents	**810**	**25,138**	**63,151**	**(1,717)**
Cash and cash equivalents at the beginning of the year	71,873	8,592	8,592	10,136
Foreign exchange differences on cash and cash equivalents at the beginning of the year	500	116	130	173
Cash and cash equivalents at the end of the year	**73,183**	**33,846**	**71,873**	**8,592**
Interest received	45,898	62,840	115,944	119,878
Interest paid	(34,842)	(49,973)	(87,927)	(94,775)

DESCRIPTION OF THE ISSUER

The following description of the Issuer sets out selected financial information relating to the Issuer and the Group. Unless stated otherwise, all such financial information has been extracted from the Financial Statements of the Issuer incorporated by reference into this Base Prospectus. In the Business Overview section below, selected financial information as of 31 December 2024 relating to the Issuer (individual information) and the Group (consolidated information) has been extracted from the 2024 annual report of the Issuer, parts of which were incorporated by reference into this Base Prospectus.

Introduction

The Issuer was established in 1990 as a state institution. In 1992, it was transformed into a joint-stock company. The Issuer was registered with the Commercial Register maintained by the Municipal Court in Prague under file No. B 1360 on 5 March 1992. As stated in Article 2 of the most recent version of the Articles of Association of the Issuer dated 24 April 2024 (filed in the Issuer's collection of deeds in the Czech Commercial Register which is publicly accessible at https://or.justice.cz/), the Issuer's scope of business comprises banking and financial transactions and other operations listed in the banking licence granted in accordance with the Czech Banking Act. The Issuer's identification number is 453 17 054, its LEI is IYKCAVNFR8QGF00HV840.

The Issuer is the third largest bank in the Czech Republic across all banking segments and product categories[15] and a major financial services provider in the Czech Republic, offering a wide range of banking and financial services to private and corporate clients. The Issuer is a member of the SG Group. In terms of the number of clients, the Issuer ranks among the leading banking institutions in the Czech Republic.[16] It is a universal bank providing a wide range of services in retail, corporate, and investment banking. Member companies of the Group provide additional specialised financial services, such as pension savings and building society schemes, leasing, factoring, consumer lending, and insurance. The Issuer also provides services in Slovakia through its branch focused on serving corporate clients as well as through selected subsidiaries. The Issuer's registered office is at Prague 1, *Na Příkopě 969/33*, Postal Code 114 07, Czech Republic, its telephone number is + 420 800 521 521 and its internet address is www.kb.cz.

As of 30 June 2025, the Issuer served clients at 187 retail branch offices throughout the Czech Republic (205 as of 30 June 2024 and 204 as of 31 December 2024). During the first six months of 2025, the Group employed 7,155 full-time equivalent employees on average (7,456 full-time equivalent employees on average during 2024). As of 30 June 2025, the total assets of the Group amounted to CZK 1,605 billion (CZK 1,534 billion as of 30 June 2024 and CZK 1,536 billion as of 31 December 2024).

As of 30 June 2025, the share capital of the Issuer amounted to CZK 19,004,926,000 and has been fully paid. The share capital of the Issuer comprises 190,049,260 ordinary book-entry shares with the nominal value of CZK100 each which do not have any special rights associated with them. Ordinary shares include the entitlement to participate in the Issuer's governance and the entitlement to a share on profit.

As of 30 June 2025, the Group had CZK 1,031.5 billion of standard client deposits (CZK 1,059.4 billion as of 30 June 2024 and CZK 1,029.5 billion as of 31 December 2024).[17] As of 30 June 2025, total gross volume of lending to clients amounted to CZK 859.5 billion (CZK 824.1 billion as of 30 June 2024 and CZK 848.3 billion as of 31 December 2024).[18]

As of the date of this Base Prospectus, a total number of 190,049,260 of the Issuer's shares are admitted to trading on exchange markets operated by the Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*) and RM SYSTÉM (*RM-SYSTÉM, česká burza cenných papírů a.s.*).

The Group is a part of the SG Group, which has been helping clients for more than 150 years and maintains a strong position in Europe and connections to the rest of the world. According to the SG's 2020 universal registration document filed with the French Financial Markets Authority on 12 March 2024, the SG Group had

[15] Source: Audited and consolidated financial statements of other Czech banks prepared in accordance with IFRS for 2024 and the Issuer's internal data.

[16] Source: Audited and consolidated financial statements of other Czech banks prepared in accordance with IFRS for 2024 and the Issuer's internal data.

[17] Excluding volatile repo operations with clients. The total volume of 'Amounts due to customers' amounted to CZK 1,216.5 billion as of 30 June 2025, CZK 1,200.5 billion as of 30 June 2024 and CZK 1,174.5 billion as of 31 December 2024.

[18] Including debt securities issued by the Issuer's corporate clients and excluding reverse repo operations with clients. There were no reverse repo operations with clients to report as of 30 June 2025, 30 June 2024, 31 December 2024 or 31 December 2023.

approximately 119,000 employees in 62 countries and supports on a daily basis 26 million individual clients, businesses and institutional investors around the world.

In the conduct of its activities, the Issuer is primarily governed by Czech law, in particular the Czech Banking Act, Act No. 90/2012 Coll., on Business Corporations and Co-operatives, as amended (the **Czech Corporations Act**), Act No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended (the **Czech Capital Markets Act**), and other Czech laws and regulations governing operations in the banking and capital markets.

History

The Issuer was established in 1990 as a state institution. In 2001, the state's 60% holding in the Issuer was acquired by SG. Following privatisation, the Issuer began to significantly develop its activities for individual customers and entrepreneurs while continuing to build on its traditionally strong position in the enterprises and municipalities market. In 1993, shares in the Issuer became publicly traded as set out above.

The Issuer has been operating in Slovakia since 1995, originally via a subsidiary Komerční banka Bratislava, a.s. (**KB Bratislava**). KB Bratislava has successfully implemented changes connected with adoption of the euro on 1 January 2009. In January 2009, the Issuer's Board of Directors approved a plan for transformation of KB Bratislava from a subsidiary of the Issuer into its branch. The transformation was completed by the end of 2010.

Group

The Group offers products and services in the Czech Republic in the area of banking and financial services, building savings and loans, pension fund management and leasing. As of 31 December 2024, the Group comprised, among others, the Issuer and its 11 subsidiaries in which it held more than a 50% share and one affiliate, Komerční pojišťovna a.s. (**Komerční pojišťovna**). The Issuer's key subsidiaries are Modrá pyramida, KB Penzijní společnost, a.s. (**KB Penzijní společnost**), SG Equipment Finance Czech Republic s.r.o. (**SG Equipment Finance**), ESSOX s.r.o. (**ESSOX**), Factoring KB, a.s. (**Factoring KB**) and Komerční pojišťovna. As of 31 December 2024, based on data reported by the CNB, Modrá pyramida was the second largest building savings bank in the Czech Republic as measured by loan volume and had a 26% market share.[19]

As of 30 June 2025, the Group had 2,176,000 clients (2,184,000 as of 31 December 2024 and 2,199,000 as of 31 December 2023).

While nearly 95% of Group's income is generated in the Czech Republic as of 30 June 2025 (more than 95% as of 31 December 2024 and almost 96 % as of 31 December 2023), the Group also operates outside of the Czech Republic. In Slovakia, the Group operates through Komerční banka, a.s., pobočka zahraničnej banky (**KB SK**), the Issuer's branch, and ESSOX FINANCE s.r.o. (**ESSOX FINANCE**). The Group also has limited operations in Belgium. Bastion European Investment S.A. (**BASTION**) is a subsidiary of the Issuer and a special purpose vehicle created in order to finance an EU project in Belgium.

The following table provides an overview of major Group companies that are consolidated in the financial statements as of 31 December 2024:

Group Entity	Parent Company	Issuer's effective holding	Consolidation method
		(%)	
Modrá pyramida stavební spořitelna, a.s.	Issuer	100.0	Full method
KB Penzijní společnost, a.s.	Issuer	100.0	Full method
KB Real Estate, s.r.o.	Issuer	100.0	Full method
SG Equipment Finance Czech Republic s.r.o.	Issuer	50.1	Full method
ESSOX, s.r.o.	Issuer	50.93	Full method
Factoring KB, a.s.	Issuer	100.0	Full method
Komerční pojišťovna a.s.	Issuer	49.0	Equity
KB SmartSolutions, s.r.o.	Issuer	100.0	Full method

[19] Source: comparison of internal data with reporting of other building societies and CNB ARAD statistics at http://www.cnb.cz/arad/#/en/display_link/single__SUCM100172XXX101101.

Group Entity	Parent Company	Issuer's effective holding	Consolidation method
KB Poradenství, s.r.o.	Issuer	100.0	Full method
STD2, s.r.o.	Issuer	100.0	Full method
Protos, uzavřený investiční fond, a.s.	Issuer	100.0	Full method
BASTION European Investment S.A.	Issuer	99.98	Full method
ESSOX FINANCE s.r.o.	ESSOX s.r.o.	50.93	Full method

In April 2024, the Issuer increased the equity of Modrá pyramida by CZK 400 million in the form of a financial contribution to other capital funds. The Issuer reduced the owner's equity of Komerční pojišťovna by CZK 245 million through distribution of a financial contribution from other capital funds.

In May 2024, the Issuer decreased shareholders' equity of BASTION EUROPEAN INVESTMENTS S.A. by EUR 1.6 million (equivalent to CZK 40 million).

In June 2024, there was a merger of two subsidiaries of KB SmartSolutions, s.r.o. (**KB SmartSolutions**), namely ENVIROS, s.r.o. and KB Advisory, s. r. o., with the successor company being ENVIROS, s.r.o.

In July 2024, the Issuer sold its 100% share in the subsidiary VN 42, s.r.o.

In October 2024, the Issuer bought a part of the enterprise named "KB Poradenství" from Modrá pyramida stavební spořitelna.

In October 2024, the Issuer signed an agreement with Société Générale S.A. and Société Générale Equipment Finance S.A. on the purchase of a 49.9% share in the company SG Equipment Finance. As a result, the Issuer is now the sole owner of the shares in SG Equipment Finance.

In November 2024, there was a merger of two subsidiaries of upvest s.r.o. and upvest equity II s.r.o., with the successor company being upvest s.r.o.

In December 2024, liquidation of the company My Smart Living, s.r.o. v likvidaci s.r.o. was completed and that company ceased to exist.

The SG Group and the Issuer's Shareholders

On 4 May 1864, Napoleon III signed the SG founding decree. Founded by a group of industrialists and financiers driven by the ideals of progress, the SG's mission has always been to promote the development of trade and industry in France. Since its founding, SG has worked to modernise the economy, following the model of a diversified bank at the cutting edge of financial innovation. The branch network grew rapidly throughout the French territory, increasing from 46 to 1,500 branches between 1870 and 1940. During the interwar period, SG became the leading French credit institution in terms of deposits.

At the same time, SG began to build an international reach by financing infrastructure essential to the economic development of a number of countries in Latin America, Europe and North Africa. This expansion was accompanied by the establishment of an international retail network.

The SG Group draws on its European roots to develop activities internationally. The SG Group's global footprint enables it to connect Europe, Russia and Africa with major global financial centres in Asia and the Americas. The Issuer's majority shareholder, holding 60.35% of its registered share capital, is SG. According to the SG's 2025 universal registration document, as of 31 December 2024, 74.34% of shares of SG were free float, 10.23% of shares were owned by employees, 5.52% of shares were owned by BlackRock, Inc., 3.14% of shares were owned by Amundi, 2.31% of shares were owned by The Capital Group Companies, Inc., 2.17% of shares were owned by Caisse des Dépôts et Consignations and 1.81% by BNP Paribas Asset Management. The Issuer's other shareholders are, among others, Chase Nominees Limited, Nortrust Nominees Limited, Clearstream Banking, S.A., GIC Private Limited, J.P. Morgan Bank Luxembourg S.A., State Street Bank And Trust Company.

The Issuer is controlled by SG. This control is based on SG's ownership of 60.35% of the registered share capital of the Issuer, as per the SG's 2025 universal registration document. The Issuer is not aware of any measures in

place to ensure that SG's control is not abused other than the general limitations set forth by the Czech corporate law and banking regulations. The Issuer is regulated as a bank and is subject to the supervision of the CNB.

Business Overview

The Issuer is a universal bank with a multi-channel distribution model. The Issuer's business model is founded upon building long-term relationships with customers and offering relevant solutions for situations occurring during clients' lives. The business strategy focuses on reinforcing or achieving market-leading customer satisfaction status in the target client segments throughout each client's entire lifespan.

KB SK is the Issuer's only foreign branch. It operates in Slovakia on the basis of a single banking licence issued by the CNB. KB SK serves large and medium-sized enterprises with turnover of EUR 40 million or more. The position of KB SK in its market niche is a strong one, underpinned by know-how of the Issuer and utilising the synergies of the Group and SG Group to provide its clients with comprehensive financial solutions. KB SK offers standard banking services, including cash management, direct banking, payment cards, financing, and investment banking products, as well as trade finance solutions.

The Issuer is developing a system for detailed segmentation of customer relationships. The segmentation provided in the Issuer's financial statements as "Operating Segments" reflects reporting provided to the Issuer's Board of Directors based not only on client segmentation but also on the nature of products provided in each segment. The segmentation in the below business overview, however, is based on the following client-centred criteria: (i) individuals; (ii) entrepreneurs and small businesses (the indicative criterion being annual turnover up to CZK 60 million); (iii) corporates and municipalities (annual turnover up to CZK 1.5 billion); and (iv) top corporations (annual turnover greater than CZK 1.5 billion). This is followed in the Issuer's service provision model. Both classifications are complementary to each other. The tables below set out the total gross loans to clients and amounts due to customers for the Group and a break-down of selected business indicators for the Issuer's client segments for the six months ended 30 June 2025 and 30 June 2024 and for the years ended 31 December 2024 and 31 December 2023:

	As of 30 June		As of 31 December	
Loans to clients – gross loans *(in CZK billion)**	**2025**	**2024**	**2024**	**2023**
Group	**859.5**	**824.1**	**848.3**	**827.7**
Issuer – total loan portfolio	734.7	701.1	723.8	708.4
- Loans to individuals	323.8	312.8	318.4	306.3
- Loans to small businesses	40.8	40.4	40.3	40.2
- Loans to medium corporates and municipalities	126.8	123.7	123.6	126.4
- Loans to top corporates and other loans**	243.3	224.2	241.6	235.4
Modrá pyramida – total loan portfolio	98.7	95.1	97.6	92.5
ESSOX (group) – total loan portfolio	21.6	21.0	21.3	20.8
Factoring KB – total loan portfolio	11.8	10.5	12.7	10.0
SG Equipment Finance – total loan portfolio	36.7	35.2	36.6	34.2
BASTION European Investment S.A. – total loan portfolio	1.6	1.8	1.8	1.9
Consolidation and other adjustments	(45.7)	(40.5)	(45.6)	(40.1)

** Excluding other amounts due from customers and repo operations, but including debt securities issued by corporate clients of the Issuer.*
*** Including loans provided by KB SK.*

	As of 30 June		As of 31 December	
Amounts due to customers *(in CZK billion)*	**2025**	**2024**	**2024**	**2023**
Group deposits*	**1,031.5**	**1,059.4**	**1,029.5**	**1,006.2**
Issuer deposits	985.0	1,009.6	979.8	954.9
- individuals	338.2	340.0	341.4	337.9
- small business	251.1	249.9	243.0	238.6

- medium corporates and municipalities	280.2	277.9	276.0	244.5
- top corporates and other deposits**	115.5	141.7	119.4	134.0
Modrá pyramida – building savings	46.4	50.8	50.4	52.3
ESSOX	0.1	0.1	0.1	0.1
Factoring KB	0.9	0.6	0.7	0.8
Consolidation and other adjustments	(0.9)	(1.7)	-1.5	-2.0

** Excluding repo operations with clients.*
*** Including deposits in KB SK.*

On 5 November 2020, the Issuer presented its KB2025 plan updating strategic directions and addressing the emerging challenges and opportunities for creating a strong, client-focused bank (the **KB2025 Plan**). And in 2024, the Group continued in making substantial investments and changes in pursuing its KB2025 Plan.

The New Digital Bank (**NDB**) is a programme for the Issuer's business transformation, involving construction of a new banking infrastructure and an overhaul of related banking processes. The building of the NDB started in 2020 as part of the KB2025 Plan. In April 2023, the Issuer introduced a new NDB client proposition for retail banking under the title "A New Era of Banking". The banking application for NDB clients is called "KB+".

The NDB allows for continuous 24/7 real-time processing of transactions, analytics, and lead generation. The innovation cycle is significantly shortened by the ability to release software customisations on a daily basis, increasing the efficiency of meeting client needs as well as the Issuer's internal needs, including regulatory obligations, reporting, and customer relationship management.

The transfer of customers from the existing offer started in 2023 for individual retail banking customers.

During 2024, the Issuer invited additional individual customers to transfer to a more comprehensive product offer, as well as children, for whom a special proposition was created. Since August 2024, the Issuer has also offered "New Era" services to another group of existing clients, namely entrepreneurs from the small business segment. In the course of 2024, the Issuer transferred another 695,000 individuals and 20,000 small businesses to the "New Era". Thus, a total of 805,000 clients had been switched over by the end of 2024. Around 50% of eligible clients have switched to the new offer on their own using only an online wizard and digital authentication.

In 2024, NDB acquired more than 158,000 new clients, and, together with the 2023 new customers, this brings the total number of NDB users who had not been previously clients of the Issuer's original banking offering to 178,000. This included 31,000 young customers 18–26 years of age and nearly 24,000 children under 18. The share of fully digital acquisition is 38% for adult customers.

Thus, by the end of 2024, NDB with the KB+ app was used by 1,028,000 individuals and entrepreneurs.

1. Individuals

Based on the Issuer's internal data and information contained in annual reports for the year 2024 published by other Czech banks, the Issuer ranks among the three largest banks in the Czech Republic by number of individual clients. In 2024, the total number of individual clients of the Issuer came to 1,485,000. As of 31 December 2024, the Issuer also maintained a strong position in the segment for children and young people, with more than 247,000 accounts.

As of 30 June 2025, the total number of individual clients stood at 1,465,000.

In 2024, the overall volume of housing loans provided by the Issuer and Modrá pyramida grew by 4.1% year on year. Within this total, the portfolio of mortgages to individuals provided by the Issuer expanded by 3.7% to CZK 286.6 billion. Modrá pyramida's loan portfolio grew by 5.6% to CZK 97.6 billion. In 2024, the volume of Group's consumer lending (provided by the Issuer and ESSOX group) in the Czech Republic and Slovakia grew by 5.2% to CZK 39.1 billion compared to 2023.

In the six months ended 30 June 2025, the overall volume of housing loans provided by the Issuer and Modrá pyramida grew by 3.6% year on year. Within this total, the portfolio of mortgages to individuals expanded by 3.6% to CZK 291.7 billion. Modrá pyramida's loan portfolio volume increased by 3.8% to CZK 98.7 billion.

New production of housing loans was higher by 44.0% year on year and reached CZK 32.0 billion. The volume of the Group's consumer lending (provided by the Issuer and ESSOX Group) in the Czech Republic and Slovakia grew by 2.2%, at CZK 39.5 billion.

In 2024, deposits at the Issuer from individual clients grew by 1.0% year on year to CZK 341.4 billion. The deposit book at Modrá pyramida decreased by 3.8% in 2024 to CZK 50.4 billion.

In the six months ended 30 June 2025, deposits at the Issuer from individual clients decreased by 0.5% to CZK 338.2 billion. The deposit book at Modrá pyramida decreased by 8.7% to CZK 46.4 billion.

2. Entrepreneurs and Small Businesses

In 2024, the balances on deposit accounts of entrepreneurs and small businesses held with the Issuer grew by 1.8% compared to 2023 and reached a total CZK 243.0 billion. In 2024, lending to small businesses expanded by 1.0% to CZK 47.9 billion. Meanwhile, to finance their operating or investment needs, clients used the services of Factoring KB for financing their receivables as well as loans or leasing provided by SG Equipment Finance, ALD Automotive s.r.o., and ESSOX.

As of 30 June 2025, the balances on deposit accounts of entrepreneurs and small businesses held with the Issuer grew by 0.5% compared to 30 June 2024 and reached a total CZK 251.1 billion. As of 30 June 2025, lending to small businesses expanded by 1.7% to CZK 48.7 billion.

The Issuer onboarded more than 12,000 new small business clients in 2024, fewer by 2% year on year. The number of clients in this segment, at 228,000, was almost unchanged year on year

3. Corporates and Municipalities

Based on the information contained in the Business Register of the Czech Statistical Office (in Czech, *Registr ekonomických subjektů Českého statistického úřadu*) and the Issuer's internal data, in 2024, the Issuer maintained its leading position in the segment of medium-sized corporations, with approximately 42% of enterprises in this segment using its services. The Issuer remains one of the two largest banks in public sector financing. Based on the Issuer's internal data and information contained in reports published by other Czech banks, the Issuer served approximately 63% of municipalities and 49% of municipally owned businesses in 2024. The number of clients increased in 2024 by 1.0% to a total of 11,300.

The volume of deposits expanded by 12.9% in 2024 to CZK 276.0 billion. In 2024, the volume of gross loans to clients provided by the Issuer decreased by 2.3% compared to the previous year to CZK 123.6 billion. As of 30 June 2025, the volume of deposits grew by 0.8% year on year to CZK 280.2 billion. As of 30 June 2025, the volume of gross loans to clients provided by the Issuer grew by 2.5% year on year to CZK 126.8 billion.

Top corporates clients and economically connected are served by 3 sales teams, including 1 team dedicated to serving financial institutions and international companies. The Issuer's Corporate and Investment Banking also includes a branch in Slovakia focused on large corporates and international companies

4. Top Corporations

The Issuer maintains a strong position in serving and financing top corporations with turnover exceeding CZK 1.5 billion. Meanwhile, the portfolio and number of clients in the large corporation segment is relatively stable. Based on the information contained in the annual report of the Issuer, the Business Register of the Czech Statistical Office and the Issuer's internal data, about 49% of top corporations in the Czech Republic with turnover in excess of CZK 1.5 billion were clients of the Issuer as of 31 December 2024. The Issuer's deposits (including KB SK) decreased by 10.8% in 2024 to CZK 119.4 billion. The Issuer's total volume of bank loans (including KB SK) in the top corporations segment increased by 2.6% in 2024 to CZK 241.6 billion.

As of 30 June 2025, the Issuer's deposits (including KB SK) in the top corporations segment decreased by 18.5% year on year to CZK 115.5 billion and the Issuer's total volume of bank loans (including KB SK) increased by 8.5% to CZK 243.3 billion.

The Issuer provides its clients with a full range of banking products and services, including those highly specialised in the areas of investment banking, as well as export, structured, and syndicated financing. It also

provides solutions for unique transactions in the banking market, including in the areas of equity and equity linked issuance on the international markets, bond issuance and transaction services in mergers and acquisitions, these services also being provided to SMEs and corporates. The offer is complemented by the services of subsidiaries and sister companies providing leasing, factoring services, and supplementary pension insurance. Clients can rely on the professional approach and knowledge of the Issuer's stable team of relationship managers, as well as experienced advisers with contacts in the SG Group's network, particularly in the areas of trade and export finance, cross-border payments, international cash-pooling structures, and investment banking.

Distribution Channels

Branches and Retail Centres

As of 31 December 2024, the Issuer served clients at 204 retail branch offices throughout the Czech Republic and employed 7,456 full-time equivalent employees in the Czech Republic and Slovakia. In 2024, the Issuer continued to optimise its branch network with a view to shifting the handling of routine banking transactions by customers to online tools. During 2024, the Issuer relocated 4 branches to new premises and closed 6 branches. In 98 branches, cash services were provided only through ATMs or by accepting deposits in sealed envelopes.

As of 30 June 2025, the Issuer served clients at 187 retail branch offices throughout the Czech Republic and employed 7,155 full-time equivalent employees in the Czech Republic and Slovakia.

The KB2025 Plan also includes reconstruction of bank branches in a new design that supports assisted customer service and remote consulting. The Issuer had remodelled 28 branches by the end of 2024, including 11 during 2024.

The table below provides selected business indicators for the Issuer's distribution network for the six months ended 30 June 2025 and 30 June 2024 and for the years ended 31 December 2024 and 31 December 2023:

	Six months ended 30 June		The year ended 31 December	
	2025	**2024**	**2024**	**2023**
The Issuer – retail branches (Czech Republic)*	187	205	204	210
KB Poradenství, s.r.o. – outlets	199	186	187	N/A
SG Equipment Finance – branches	9	9	9	9
ESSOX (group) – points of sale**	1,831	1,914	1,848	1,924
ATMs (the Issuer's network)	764	793	791	796
ATMs (total shared network)	1,947	1,982	1,965	1,974

** Including one Private Banking branch, excluding remote branches.*
*** Number of partners with valid contracts.*

Private banking

Demanding individual clients are taken care of by specialised banking advisors at 20 "KB Premium Centres". The Issuer offers comprehensive private banking services to clients with financial assets exceeding CZK 30 million at its branches in Prague, Brno and Ostrava. For clients with assets of up to CZK 30 million, selected private banking products are available in co-operation with "KB Premium".

Services provided include in particular private portfolio management, a comprehensive range of investment instruments and complete banking services, tailored loans to finance the private projects as well as needs of clients, investments in funds for qualified investors and club deals (real estate funds and private equity), investments in corporate bonds, assistance in selling companies, trust fund services, and other instruments for intergenerational planning. In 2025, the Issuer will introduce a "New Era" proposition for affluent clients. The Issuer also is working on a special offer for private banking clients.

ATMs, Internet Banking and Mobile Banking

In addition to its branch network, the Issuer uses direct distribution channels such as ATMs, internet banking and mobile banking. Digital banking is an integral part of the multi-channel distribution model, and the Issuer aims to reinforce its leadership position on the Czech market in digital banking.

Rapid service spots have been created in branches for addressing basic service requests, and the relationship managers assist clients so that they are able to execute simple transactions and administer their services by themselves in their mobile banking application or internet banking.

In April 2023, the Issuer introduced a new NDB client proposition for retail banking under the title "A New Era of Banking". The banking application for NDB clients is called "KB+". By the end of 2024, the NDB with the KB+ app was used by 1,028,000 individuals and entrepreneurs.

The Issuer also offers payments by telephone, but also via smart watches (Apple Pay, Google Pay, Fitbit and Garmin). At the end of 2024, the Issuer was operating 791 ATMs, all of which are already equipped with a contactless payment card reader. The Issuer also modernised its deposit ATMs so that all 493 of its devices allow for so-called recycling of banknotes. That increases the efficiency of ATM operations and hence reduces the carbon footprint, as the frequency of refilling ATMs is reduced.

The average deposit amount carried out via the Issuer's ATMs was around CZK 27,000. Partly thanks to sharing, the number of ATM deposit transactions increased from 2023 to 2024 by more than 320,000 to 4.2 million transactions. The share of ATMs in cash transactions at the Issuer recorded a further increase in 2024, reaching 63% by volume and 94% by the number of all Issuer's client cash transactions (withdrawals + deposits).

Competition

The Issuer faces increasing competition in the banking and financial services market in the Czech Republic. Such competition has become more intense as a result of the opening of the financial services market following the Czech Republic's accession to the EU on 1 May 2004. The Issuer competes with other banks, financial services firms and a wide range of insurance companies in providing mutual fund, capital markets and advisory services and financial and insurance products. Many foreign-owned banks operating in the Czech market are expanding the range of services they offer.

Competition remained very intense during 2024. Nevertheless, the Issuer maintained its leading position in the corporate banking market, with approximately 42% of SMEs using the Issuer's services.[20] The Issuer remains one of the two largest banks in public sector financing as it serves approximately 63% of municipalities and 49% of municipally owned businesses in 2024.[21]

Recent Events Particular to the Issuer

The Issuer is not aware of any recent events specific to it that would be of significant importance in assessing the Issuer's solvency.

Credit Rating

Moody's has granted the Issuer the following credit ratings (valid as of end of February 2025):

- Long-term – A1; and
- Short-term – Prime-1.

Moody's appends long-term obligation ratings at the following levels: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C. To each generic rating category from Aa to Caa, Moody's assigns the numerical modifiers "1", "2" and "3". The modifier "1" indicates that the bank is in the higher end of its letter-rating category, the modifier "2" indicates a mid-range ranking and the modifier "3" indicates that the bank is in the lower end of its letter-rating category. Moody's also has the option of adding further guidance (referred to as "under review") as to whether a rating is likely to be upgraded (possible upgrade), downgraded (possible downgrade) or uncertain (direction uncertain). Outlooks are assigned indicating the direction of any pressure. Characteristics are positive, negative, stable and developing. Moody's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations and range from P-1, P-2, P-3 down to NP (Not Prime).

[20] Source: Information contained in the Business Register of the Czech Statistical Office (in Czech, *Registr ekonomických subjektů Českého statistického úřadu*) and the Issuer's internal data.

[21] Source: Audited and consolidated financial statements of other Czech banks prepared in accordance with IFRS for 2024 and the Issuer's internal data.

Standard & Poor's has granted the Issuer following credit ratings (valid as of end of February 2025):

- Long-term – A; and
- Short-term – A-1.

Standard & Poor's appends long-term obligation ratings at the following levels: AAA, AA, A, BBB, BB, B, CCC, CC, C and D. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Outlooks are assigned indicating the direction of any pressure. Characteristics are positive, negative, stable and developing. Standard & Poor's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations print following level: A-1, A-2, A-3, B, C and D.

Fitch has granted the Issuer the following credit ratings (valid as of end of February 2025):

- Long-term – A; and
- Short-term – F1.

Fitch appends long-term obligation ratings at the following levels: AAA, AA, A, BBB, BB, B, CCC, CC, C, RD and D. Fitch also has the option of adding two further guidances, i.e. outlook and watch. Both are assigned indicating the direction of any pressure. Outlook relates to longer term risks (one to two years) and watch describes risks presumed to be resolved within the next six months. Characteristics are positive, negative, evolving and, in the case of outlook stable. Fitch's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations and can reach the following levels: F1, F2, F3, B, C, RD and D.

Material Changes in the Issuer's Financing Structure

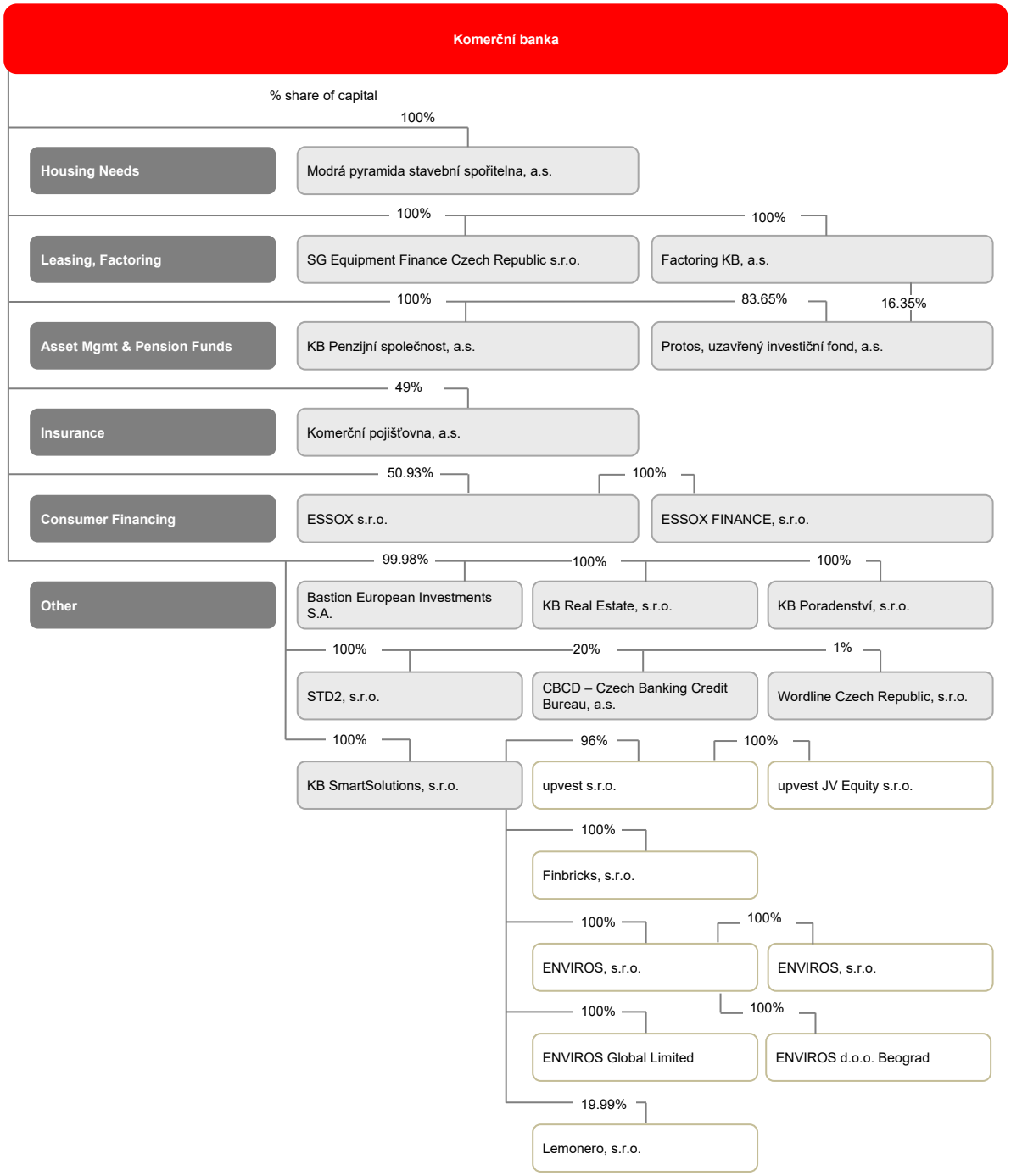
The Issuer has been in part reliant on the debt capital markets for the purpose of its funding. A significant excess of client deposits over the client loans in the Issuer's balance sheet provides a high level of liquidity buffer and relative independence from the market funding. However, the liquidity excess is rather concentrated in the local currency (CZK) and, for the purposes of the foreign currency funding, the Group has been using cross-currency swaps in order to transfer the free liquidity from the base currency. Foreign currency covered bonds under this Programme enable the Issuer to diversify its sources of foreign currencies and stabilise the related cost of such funding.

Description of the Expected Financing of the Issuer's Activities

The Issuer does not expect its strategy to change significantly in the upcoming years. The emphasis will be put on the deposits of retail and commercial clients, which sources, together with the Issuer's equity, are intended to finance the Issuer's activities. The Issuer's goal is to continue to be a self-financing bank.

Corporate Structure

As of 31 December 2024, the Issuer had 11 subsidiaries, where it held more than a 50% share, and one associate, Komerční pojišťovna, where it held a 49% share. The Issuer considers these companies as part of the Group. In addition to its ownership interests in the Group, the Issuer held strategic interests of 20% or less in the following companies: (i) Czech Banking Credit Bureau, a.s. (20%), (ii) Worldline Czech Republic, s.r.o. (1%), and (iii) Bankovní identita, a.s. (17%). The Issuer's relationship to and shareholdings in these subsidiaries as of the date of this Base Prospectus are shown in the following diagram:



Some of the subsidiaries shown in the diagram above are not consolidated in the Issuer's financial statements due to their immateriality.

Komerční banka, a.s., pobočka zahraničnej banky
In Slovakia, the Issuer serves corporate clients through KB SK. KB SK is oriented towards serving large and medium-sized enterprises with turnover of EUR40 million or more. The position of KB SK is supported by its access to the know-how of the Group and SG Group. KB SK in Slovakia offers standard banking services, including cash management, direct banking, payment cards, financing, and investment banking products, as well as trade finance solutions.

Modrá pyramida stavební spořitelna, a.s.
Modrá pyramida is a fully-owned subsidiary of the Issuer. Based on data published by the CNB in its ARAD statistics[22] and internal data of the Issuer, as of 31 December 2024, it was the second-largest building savings bank in the Czech Republic as measured by loan volume having a 26% market share. The main products offered by Modrá pyramida include: state-subsidised savings accounts; bridging loans; and building savings loans. In October 2024, the Issuer acquired Modrá pyramida's distribution. Modrá pyramida's team of 553 financial advisors became a fully-fledged part of the Group distribution network. The existing network of the Issuer's branches was joined by 187 Issuer's advisor locations (the Modrá pyramida branches being renamed and rebranded). As part of this centralisation, the Issuer's employees were transferred to Modrá pyramida. In 2024, Modrá pyramida became a one-stop shop for housing finance within the Group. All of the Group's housing-related products, including mortgages, are now arranged and managed by Modrá pyramida for the entire Group.

KB Penzijní společnost, a.s.
A fully-owned subsidiary of the Issuer, KB Penzijní společnost's core business is to collect contributions and manage them in pension funds pursuant to Czech Act No. 427/2011 Coll. on Supplementary Pension Savings, as amended, and as supplementary pension insurance in transformed funds. Based on data published by the Association of Pension Funds of the Czech Republic, in terms of number of participants, this pension company had, as of 31 December 2024, a 11% share in the supplementary pension savings market (Pillar 3)[23] and an 11% share in the pension insurance market (transformed fund).[24]

SG Equipment Finance Czech Republic s.r.o.
SG Equipment Finance is owned by the Issuer (50.1%) and SG Equipment Finance S.A. (49.9%). In October 2024, the Issuer signed an agreement with Société Générale S.A. and SG Equipment Finance S.A. on the purchase of a 49.9% stake in SG Equipment Finance. After settlement of the transaction, which took place in February 2025, the Issuer owns 100% of SG Equipment Finance. Through the Issuer and its own network of seven branches in the Czech Republic and two in Slovakia, this company provides financing of equipment, agricultural and forestry technology, vehicles for transportation of goods and passengers, high-technology, real estate, and special projects by leasing and lending. SG Equipment Finance has an 11% market share in the non-bank financing market in the Czech Republic as measured by the financed amount (excluding consumer loans).[25]

ESSOX s.r.o.
Owned by the Issuer (50.93%) and SG Financial Services Holding S.A. (49.07%). ESSOX is a non-bank provider of consumer loans and financial leasing for consumers and performs activities of payment institutions within the scope of payment services under a licence from CNB. ESSOX provides its services through the Peugeot, Citroën, DS, Hyundai, and Kia brands. ESSOX has a 19% market share in consumer lending provided to households by companies associated in the Czech Leasing and Finance Association.[26] Main products include financing of consumer goods and automobiles, general purpose loans, and revolving credit (credit cards).

Factoring KB, a.s.
Factoring KB is a fully-owned subsidiary of the Issuer. As of 31 December 2024 and based on the data of the Czech Leasing and Finance Association, it had a 26% share of the Czech factoring market according to the volume of receivables transferred. Through its own and the Issuer's networks, the company provides the following products: domestic factoring; export factoring; import factoring; modified factoring; and receivables management. In integrating selected subsidiaries into the Issuer's internal structures, all employees of Factoring

[22] Source: CNB ARAD database available at: https://www.cnb.cz/docs/ARADY/HTML/index_en.htm
[23] https://www.apfcr.cz/wp-content/uploads/2020/08/Dopl%C5%88kov%C3%A9-penzijn%C3%AD-spo%C5%99en%C3%AD-2Q-2020.pdf
[24] https://www.apfcr.cz/wp-content/uploads/2020/08/TRANSFORMOVAN%C3%89-FONDY-2.-Q-2020.pdf
[25] The numerator is the amount of financing provided (CZK 29.8 billion) and the source for market data in the denominator is the Czech Leasing and Finance Association. Data as of 31 December 2024, https://www.clfa.cz/data/dokumenty/1993-rok2024produktykomodity.xlsx
[26] The numerator is loans to consumers in Czechia (CZK 6.7 billion) and the source for market data in the denominator is the Czech Leasing and Finance Association, data as of 31 December 2024, https://www.clfa.cz/data/dokumenty/1993-rok2024produktykomodity.xlsx

KB were moved as from 1 April 2023 to the Issuer. Since that date, Factoring KB's activities are fully outsourced from the Issuer.

Komerční pojišťovna, a.s.
The shareholders of Komerční pojišťovna are Sogecap S.A. (51%) and the Issuer (49%). Main products include: savings life insurance, risk life insurance, capital life insurance, investment life insurance, accident insurance, payment card insurance, travel insurance, travel insurance for payment cards, risk life insurance for credit cards, risk life insurance for consumer loans, and non-life insurance for residential real estate and households.

Bastion European Investment S.A.
The ownership share of the Issuer in BASTION was 99.98% as of 31 December 2024. BASTION is a special purpose vehicle, based in Belgium, intended for financing a long-term transaction of the European Union. Given the long-term profile of this transaction, BASTION was financed by both a long-term loan and the Issuer's own capital. This transaction helps to diversify the Issuer's portfolio by adding a financial asset with a very low risk profile.

ESSOX FINANCE s.r.o.
ESSOX FINANCE (formerly PSA FINANCE SLOVAKIA, s.r.o.), a fully owned subsidiary of ESSOX, provides its services through the Peugeot and Citroën brands. Financial and insurance services include financial leasing, consumer credit, accident insurance for motor vehicles, liability insurance for motor vehicles, loss insurance, and operational leasing (the last of which is outsourced). The company also provides inventory financing to authorised dealers selling new Peugeot and Citroën cars.

KB Real Estate, s.r.o.
The Issuer is the sole owner of KB Real Estate, s.r.o. which was established in 2011 to provide administration and maintenance of real property and real estate services. In 2012, KB Real Estate, s.r.o. acquired the office building in Stodůlky, which was subsequently leased to the Issuer.

STD2, s.r.o.
The Issuer is the sole owner of STD 2, s.r.o. (originally named Office Center Stodůlky a.s.) which was purchased in 2017 and owns the office building in Stodůlky, the construction of which was completed in 2018. The company STD2, s.r.o. rents office space to the Issuer.

Protos, uzavřený investiční fond, a.s.
Protos, uzavřený investiční fond, a.s. (a closed-end investment fund) was established in 2007 as a fund for qualified investors. The fund's investment objective is the implementation of investment decisions, in particular primary issues of government bonds and other receivables issued or guaranteed by governments of the EU member states. The fund's long-term intention is to provide a regular and equitable dividend that follows the principle of accrued revenues and costs in the company's accounts. For this reason, the company prefers to minimise purchases and sales into and from the asset portfolio in such a way that trading gains and losses do not create additional dividend volatility. The ownership share of the Issuer in Protos, uzavřený investiční fond, a.s. was 83.65% as of 31 December 2024. The share of Factoring KB in Protos, uzavřený investiční fond, a.s. was 16.35% as of 31 December 2024.

KB SmartSolutions, s.r.o.
The Issuer is the sole owner of KB SmartSolutions. On 7 January 2019, KB SmartSolutions was established to facilitate the preparation of some new Group services. The company focuses on supporting the financing and development of external start-ups, but it also provides support to and for internal innovative solutions.

upvest s.r.o.
KB SmartSolutions first invested in upvest, s.r.o. in July 2020. Upvest s.r.o. is a fintech company that provides real estate crowdfunding investments in the form of participation in debt financing of development projects. Upvest s.r.o. fully owns Upvest JV Equity s.r.o. As of the end of December 2024, the company upvest equity II s.r.o. was merged into upvest s.r.o. and its assets were transferred to the successor company. KB SmartSolutions owned a 96.0% share in upvest s.r.o. as of 31 December 2024.

ENVIROS s.r.o.
KB SmartSolutions invested in ENVIROS s.r.o. in July 2022 and acquired 100% of its shares. In addition to ENVIROS, s.r.o. (CZ), the ENVIROS Group also includes ENVIROS, s.r.o. (SK), ENVIROS d.o.o. in Belgrade, and ENVIROS GLOBAL LIMITED. ENVIROS is a leading energy, environmental, and management

consultancy. It operates mainly in the Czech Republic, but also in Slovakia and provides its services internationally. In June 2024, there was a merger of two subsidiary companies of KB SmartSolutions, namely ENVIROS, s.r.o. and KB Advisory s.r.o., with the successor company being ENVIROS, s.r.o.

KB Poradenství, s.r.o.
KB Poradenství, s.r.o. was established in connection with intended development of Group's distribution model. The company's registered business is provision of consumer credits, insurance and reinsurance, supplementary pension savings, and investment intermediary activities. KB Poradenství, s.r.o. was established and is full owned by the Issuer. It was incorporated on 27 June 2023 by registration in the Commercial Register. KB Poradenství, s.r.o. has share capital of CZK 100,000 and has become part of the regulatory consolidation unit of the Group.

Bankovní identita, a.s.
Established on 15 September 2020, the goal of Bankovní identita, a.s. was to make the use of client banking identification available to other online service providers in the Czech Republic. The company was established by the three largest Czech Banks, namely Česká spořitelna, ČSOB, and the Issuer. The Issuer owned a 17% share in Bankovní identita, a.s. as of 31 December 2024

Principal Markets

The Issuer operates primarily in the Czech market and is present in all regions of the Czech Republic. It is a universal bank and offers services to both foreign and domestic retail clients, small and medium enterprises, large corporate customers, institutional clients and high net-worth individuals, in both Czech Koruna and foreign currencies. Apart from the Czech Republic, the Issuer also operates in Slovakia through KB SK and Belgium through BASTION.

Information and Communication Technology

The Issuer treats the area of cybersecurity seriously, realising its importance in an increasingly digitalised society and as part of its digital provision of services. The Issuer aims to carefully protect its business, including in terms of its interactions with its clients – against foreseeable threats originating from the ever-evolving digital environment.

Cyber and information security within the Issuer is managed under the Chief Digital Oficer, a member of the Board of Directors. The key governing and influencing body in relation to cyber and information security within the Issuer is the Security Center of Expertise. It defines the overall cyber and information security governance, proposes the Issuer's cybersecurity strategy, which is approved annually by the Issuer's Board of Directors, ensures the development of security solutions and the dissemination of related practices throughout the organisation, assesses security risks, and monitors the achievement of established security levels. The whole approach towards organising cyber and information security is built upon a key, fundamental principle that every asset owner is responsible for the security of the owned asset and every employee is responsible for his or her own secure behaviour.

The Issuer, through its Security Surveillance Centre, continuously monitors the external and internal environment, user behaviour, and internal asset settings. Consistent implementation of key security procedures is monitored by a set of automated controls or regular physical inspections (first level controls). Further risk mitigation activities are initiated, too, as a result of regular risk reviews on all IT assets. The Issuer also continuously monitors the implementation of new regulatory requirements for prudent security settings, which contributes to improvement in the high prevention and control standards. Already as standard best practice, the Issuer continues to use benchmark monitoring of the security status of the outer perimeter by an external service provided by BitSight and has succeeded to maintain the highest rating of "advanced", which the Issuer achieved in 2020. Compliance with internal policies and external requirements is regularly monitored by the Internal Audit Department, which conducts approximately five missions per year on various cyber and information security topics.

The Issuer also assists clients in dealing with the security aspects of digital banking through an innovated and dedicated security website (https://www.kb.cz/en/security) which addresses clients in a more appealing way that is more focused on dealing with situations in which the clients may find themselves. The site also continues to provide basic information on key security practices and features to help clients stay safe. They include recommendations on how to protect client devices and information on current threats and active fraud schemes.

Properties

As of 31 December 2024, the Group held properties (land plots and buildings) with a net book value of CZK 3,883 million. As of 30 June 2025, the Group held properties (land plots and buildings) with a net book value of CZK 3,820 million.

Risk review and risk assessment under the Issuer's Internal Capital Adequacy Assessment Process

Regulatory requirement under Pillar 2 of the CRR is to assess all the risks and evaluate a capital requirement necessary to support them in a time horizon of at least three years. The risks taken shall be stress tested in order to prove the ability to sustain adverse development in the future. The Issuer's Internal Capital Adequacy Assessment Process (**ICAAP**) is an ongoing process; the required frequency of reporting to the management body is semi-annual. The overall holistic risks evaluation is a part of an overall internal risk management framework.

ICAAP offers an overall risk profile review, related capital requirement analysis and consequent recommendations for capital management. Moreover, ICAAP provides at the same time results and impact analysis on leverage and selected indicators of the Risk Appetite Statement (**RAS**) and the Recovery Plan (**RP**).

A formalised risk review is usually provided annually in compliance with regulatory requirements (ECB Guide to ICAAP), and a regular Risk Control Self-Assessment (**RCSA**) process is also provided annually. As part of the Group's strategic risk management initiatives, RCSA methodology was further developed in 2024 to place more emphasis on a "process" approach to risk assessment. In order to reflect recent regulatory challenges at SG Group level and to mitigate the most significant risks, new formalised controls were implemented while the setup of certain formalised controls was updated to strengthen a unitary approach in implementing control activities across SG Group.

A risk review approach is based on a holistic view on the risk management process as all material risk which the Group is exposed to is under the management/supervision of the risk department (except business risk which is modelled and captured through business volumes and margins projections under the finance department). Standard and regular annual RCSA processes are used to identify and evaluate all risks connected to operational processes in respect of all risk managed (including legal, reputational, model, IT risks, etc.). RCSA therefore encompasses all material risks from an operational point of view.

Structural and market risk

In addition to credit and non-financial risks, the Group is exposed to risks related to changes in interest and exchange rates and liquidity of assets (financial risks). The process of managing financial risks aims to hold risks undertaken to a minimum while also facilitating the Group's organic development. The methods for identifying, measuring, and managing risks in the areas of foreign exchange and interest rates are typically based on the requirement to minimise the impact on earnings.

Supervision of the financial risk management process is by the Assets and Liabilities Committee (**ALCO**), which includes, among others, members of the Issuer's senior management. The ALCO also oversees the levels of risk taken on and the proposed hedging transactions that the Issuer executes in managing risk.

The Issuer's Asset and Liability Management (**ALM**) department defines methodologies for identifying and measuring these risks, subject to approval by the ALCO. The ALM department also measures the risk indicators and reports them regularly to the ALCO and Board of Directors.

The ALCO, as well as the ALM, Treasury, and Market and Structural Risk departments, supervise the processes of asset and liabilities management also in other Group entities. All financial risk management activities fully comply with the rules of Czech regulatory authorities and with relevant international banking regulations.

Operational risk

The overall strategy for operational risk management is determined by the Operational Risk Committee, which also adopts appropriate steps in case of any negative development in the operational risk area and approves principal changes in the insurance programme utilised for mitigating impacts of operational risk events.

Already since 2008, the Issuer has been applying the Advanced Measurement Approach (**AMA**) to operational risk management and capital requirement calculation. Capital requirement calculation is performed using a central model administered by the parent company Société Générale S.A. In addition to the standard tools utilised within the AMA approach, such as collecting data on actual operational risk losses, risk control self-assessment, key risk indicators, and scenario analysis, the Issuer also has implemented a system of permanent supervision composed of daily and formalised controls. The headquarters departments use the SG Group tool GPS (Group Permanent Supervision) to manage and report on these formalised controls. In line with Société Générale S.A.'s principles, the Issuer applies procedures for the performance of 'second level controls', the concept of which is being continuously developed. The objective of this control layer is to independently review the set-up of control procedures and to verify the adequacy in implementing formalised and operational controls. The Issuer continuously enhances the effectiveness of individual operational risk management processes, including the collection of information about internal events.

Model risk management

Due to the growing importance of predictive models, the Issuer established a team of experts (Model Risk Management) in 2018 (**MRM**). The team focuses on risks arising from the use of these models. The MRM team provides an initial review of a model's design, verifies its correct usage and implementation, controls appropriate lifecycle governance and provides annual model revalidation. The MRM team covers all credit risk, ALM, and compliance models. Models shared within the SG Group are reviewed in collaboration with the central model risk management team. In addition, the MRM team ensures regulatory compliance for regulated models (IRB, IFRS 9, ALM) for the Group. With the ongoing digitalisation of the Issuer's services, the team will gradually extend its scope to control other Group model families (e.g. marketing models).

Most recent ICAAP results

Under the applicable regulation of capital adequacy, in addition to the usual reporting of the capital adequacy ratio, so-called Pillar 1, regulatory demands comprise also fulfilling conditions for evaluating required economic capital, stress testing, and capital planning, so called Pillar 2, or the ICAAP. To determine the required economic capital, the Issuer has substantially selected methods close to the regulatory procedures applied for Pillar 1. That has resulted in there being very similar levels of necessary economic and regulatory capital.

Given the fact that capital requirements are continuing to develop, the Issuer is continuously assessing the impact of their changes in the process of capital planning. As the national regulatory authority, the CNB oversees Issuer's compliance with capital adequacy requirements on standalone and consolidated bases.

During the past year, the Issuer met all regulatory requirements. On a regular basis, Issuer also compiles and reports to the CNB mandatory information regarding its ICAAP.

As of 31 December 2024, the capital adequacy ratio of Group reached 18.8% (18.8% as of 31 December 2023), and Core Tier 1 ratio stood at 17.6% (17.7% as of 31 December 2023).

Brief description of the key risks identified under ICAAP

Credit risk including counterparty credit risk, excluding concentration risk – Risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions and activities.

Credit concentration risk – Risk of fluctuation of cost of risk due to uneven distribution of exposures to single counterparties or industries.

Credit risk in terms of debt underwriting risk - Underwriting risk on corporate credit transactions undertaken by Issuer with intention of their subsequent sale.

Credit risk in terms of foreign exchange risk – Foreign exchange risk that may be transformed into credit risk in case of mismatch of cash-flow currency with loan currency.

Market risk – Market risk is the risk of impact of market rates and prices changes on the bank's profit/loss (**P/L**). The Issuer's P/L is sensitive to the following risks: foreign exchange risk and interest rate risk in consequence of the positions of the trading book.

Foreign exchange risk of banking book – Foreign exchange risk is present if movements of market foreign exchange rates influence the current or future financial performance of the Issuer.

Interest rate risk in banking book – Risk to the Group's earnings and/or economic value arising from adverse movements in interest rates.

Liquidity risk – Risk that the Group will not be able to meet its financial obligations in a timely manner and/or at reasonable cost.

Operational risk – Operational risk is the risk of loss resulting from inadequate or failed people, processes, systems or external events and it is related to Fraud and Other Criminal Activities, Execution Errors, Loss of Operating Environment/Capability, Disputes with Authorities, Errors in Pricing or Risk Evaluation, Commercial Disputes, Systems Interruptions and Rogue Trading. Activities referential was defined on the level of the SG Group in order to promote and enable risk assessment by major processes/activities performed by the Group.

Business risk – Risk that the bank will not be able to keep the planned spreads and volumes due to the adverse economic environment, increased competition on the market or incorrect business decision.

MANAGEMENT AND EMPLOYEES

The Issuer is a Czech joint-stock company established and operating under Czech law. The Issuer, its management and the Issuer's corporate setup are governed in accordance with the Articles of Association of the Issuer which can only be amended by a two-thirds majority vote of all shareholders present at the General Meeting of the Issuer. As of the date of this Base Prospectus, the conclusive version of the Articles of Association of the Issuer is the wording as of 24 April 2024, as filed in the Issuer's collection of deeds in the Czech Commercial Register which is publicly accessible at https://or.justice.cz/. The business address of each of the directors (as well as the members of the Supervisory Board, the Executive, Audit and Risk Committees) is the Issuer's registered office at Prague 1, Na Příkopě 969/33, Postal Code 114 07, Czech Republic.

Management Structure and Committees

The Issuer has a two-tier board system consisting of a Board of Directors and a Supervisory Board. The General Meeting of shareholders is the supreme body of the Issuer, which takes the most significant decisions regarding the Issuer, such as increases and decreases of share capital, appointments of two-thirds to the Issuer's Supervisory Board or approval of its financial statements. The Board of Directors represents the Issuer in all matters and is charged with its management, while the Supervisory Board is an independent body responsible for the supervision of the Issuer's activities and of the Board of Directors in its management of the Issuer. Under the Czech Corporations Act, the Supervisory Board may not make management decisions. However, its prior approval is required by law or the Articles of Association for certain matters.

The Issuer also established the Audit Committee and the Risk Committee. The Audit Committee is an independent governing body of the Issuer elected by and reporting to the General Meeting of shareholders and plays an important role in supervising the Issuer's proper management, the independence and objectivity of the external auditor, the auditor's conduct of the mandatory audit, effectiveness of the risk management systems (together with the Risk Committee), and mechanisms of internal management and control. The Risk Committee monitors the Issuer's approach to risk, its strategy in the risk area, acceptable levels of risk, and risk management.

The Issuer acceded to and upholds all the principal standards of the Corporate Governance Code of the Czech Republic (2018) issued by the Institute of Administrative Bodies on the basis of international standards of corporate governance (in particular, G20/OECD Principles of Corporate Governance from 2015).

Board of Directors

The Board of Directors of the Issuer manages the activities of the Issuer, acts on behalf of the Issuer and makes decisions in all matters of the Issuer unless such decisions are reserved for the General Meeting or the Supervisory Board. The Board of Directors of the Issuer is responsible for the business management of the Issuer, including, but not limited to, proper keeping of the Issuer's accounting records, integration of the accounting system and financial reporting, reliability of financial and operating control, smooth conduct of activities and the Issuer's operations on the financial market in compliance with the object and plan of its activities.

Pursuant to its Articles of Association, the Board of Directors of the Issuer consists of six members, who are appointed and recalled by the Supervisory Board. The members of the Board of Directors of the Issuer are appointed for a term of four years. There are no limits on reappointment. As of the date of this Base Prospectus, the Board of Directors has all six members.

The composition of the Board of Directors of the Issuer, and the respective positions of the individual Directors, as of the date of this Base Prospectus, is set out below:

Name	Year of Birth	Position	Commencement of Membership in Board of Directors	Commencement of Current Term of Office	Date of Expiration of Current Term of Office
Jan Juchelka	1971	Chairman	3 August 2017	5 August 2025	5 August 2029
Anne Laure Veronique de Kouchkovsky	1969	Member	1 September 2025	1 September 2025	1 September 2029
Miroslav Hiršl	1972	Member	1 August 2018	2 August 2022	2 August 2026
Margus Simson	1978	Member	14 January 2019	15 January 2023	15 January 2027
Jitka Haubová	1977	Member	4 June 2020	5 June 2024	5 June 2028

Katarína Kurucová	1974	Member	1 June 2025	1 June 2025	1 June 2029

Jan Juchelka

Date of appointment:	4 August 2021
Experience and other relevant information:	A graduate of the Silesian University in Opava, he worked in the National Property Fund of the Czech Republic from 1995, and during 2002 to 2005 he was Chairman of its Executive Committee. From 1999 to 2006, he was a member of the Supervisory Board of the Issuer. He joined the Issuer in 2006, first as head of Prague's Corporate Banking Business Division and later that year he became a member of the Board of Directors responsible for managing Top Corporations and Investment Banking. From 2012, he worked in the Société Générale headquarters in Corporate and Investment Banking as Managing Director, Head of Coverage with responsibility for corporate clients in the Central and Eastern European Region, Middle East, and Africa. He also worked as Senior Banker for the Central and Eastern European Region. Issuer's Board of Directors elected Mr Juchelka as Chairman of the Board of Directors and Chief Executive Oficer of the Issuer with effect from 3 August 2017. Jan Juchelka was a member of the Czech government's National Economic Council in 2020 and is currently President of the CBA, a member of Conseillers du Commerce Exterieur de la France, Chairman of the Supervisory Board of Modrá pyramida stavební spořitelna, Chairman of the Management Board of the Nadace KB foundation, and President of the Alliance for an Emission-Free Future. Jan Juchelka regularly lectures at sustainability conferences and gives talks and discussions at domestic and international universities.

Anne Laure Veronique de Kouchkovsky

Date of appointment:	1 September 2025
Experience and other relevant information:	Anne de Kouchkovsky is an ESCP graduate in finance with a minor in corporate law. She has spent her entire career at Société Générale: From 2022 to 2025, she served as Managing Director of Société Générale Luxembourg. From 2018 to 2021, she was Chief Risk Officer and member of the Board of Directors of Rosbank. Prior to that, from 2012 to February 2018, she was Deputy Chief Executive Officer and then Group Chief Operating Risk Officer. Prior to joining Risk in 2012, she worked for 20 years in the Group's Corporate and Investment Banking unit: from 2009 to 2012 in the Aircraft Finance team, which she joined after holding various positions in the Capital Markets division, within the Syndication, Sales and Origination teams.

Miroslav Hiršl

Date of appointment:	2 August 2022
Experience and other relevant information:	A graduate from the University of Economics in Prague with a focus on foreign trade and banking and postgraduate studies at the Graduate School of Banking in Boulder, Colorado, United States of America. From 1996 to 2006, he worked in various positions within the Issuer, first at a branch and a regional branch in Hradec Králové, then at a regional branch and at headquarters in Prague. From 2006 to 2014, he worked for Modrá pyramida stavební spořitelna, first as a director for business synergy, then as a member of the Board of Directors, Deputy Chief Executive Oficer, Executive Director of Sales and Marketing, and finally as Deputy Chairman of the Board of Directors, First Deputy CEO, and Executive Director of Sales and Marketing. Between 2014 and 2018, he served as CEO and member of the Board of Directors of SG Montenegro Bank, a.d. in Montenegro. Since August 2018, he has been a member of the Board of Directors of the Issuer, responsible for retail banking.

Margus Simson

Date of appointment:	15 January 2023
Experience and other relevant information:	An economics graduate of Tallinn University of Technology, Estonia. From 2000 to 2006, he worked as a director of the Web Environment Department at SEB. From 2006 to 2009, he was Director of Electronic Channels at Swedbank. From 2009 to 2013, he held various IT positions within Eesti Energia, the largest energy producer and supplier in Estonia. In 2014, he was Deputy Director of the Estonian Information Systems Authority Riigi infosüsteem Amet. From 2009 to 2017, he worked as a digital strategy expert and CEO at Ziraf, the largest digital services company in Estonia. From 2017 to 2019, he held the position of CDO and Digitalisation Director at Luminor Bank. Efective from 14 January 2019, he was elected a member of the Board of Directors of the Issuer by the Supervisory Board with responsibility for information technology.

Jitka Haubová

Date of appointment:	5 June 2024
Experience and other relevant information:	She graduated from the University of Economics in Prague, majoring in finance, studied at Galilee College in Israel, obtained a Certificate of Structural Funds Specialist from the European Commission, and is a certified international auditor for quality processes as well as a certified Python programmer. At the beginning of her career, she joined the government agency CzechTrade, where she also held Profile Group Strategy and Results Capital and Risk Management Corporate Governance Sustainability Statement Financial Statements Other Information Report on Relations Auditor's Report 131 the position of CEO. For several years she co-owned a family cafe. Jitka Haubová joined the Issuer in 2006 in the Trade Finance Department. Since 2012, she has held various managerial roles in Corporate and Municipal Banking, which she managed for 4 years. Since 2020, she has been a member of the Board of Directors, responsible for the Issuer's operations and innovation, i.e. for the management of client accounts and authorisations, the legal department, transaction processing, payments and support services. She is also responsible for the sustainability agenda and its co-ordination within the Issuer. She chairs the Supervisory Board of Issuer's charity Nadace KB and is a member of the Supervisory Board of Modrá pyramida stavební spořitelna. She is regularly ranked among the best managers in the Czech Republic by the Economia publishing house and among the most influential women in FinTech by Forbes and Vogue. She has also been a finalist in the Manager of the Year competition for public service organised by the Czech Management Association and has been listed among the Faces of Sustainability by Cover Story. Since 2023, she has been President of the International Chamber of Commerce in the Czech Republic and since June 2024 a Member of the Executive Board of the International Chamber of Commerce.

Katarína Kurucová

Date of appointment:	1 June 2025
Experience and other relevant information:	She is a graduate of the City University, Bellevue, USA, specialized in Business Administration. Between 1994 and 1998, she worked as an investment manager with the Slovak American Enterprise Fund in Bratislava, Slovakia. In 1995, she participated in the Slovak Business Leaders Internship Program in New York and Chattanooga, USA. Between 1998 and 1999, she worked as a management consultant with Deloitte, Bratislava, Slovakia. From 1999 to 2011, she served as Vice-President, Client Relationship Management, in the Slovak Branch of ING Bank

N.V. Between 2011 - May 2025, she has been Executive Director (Foreign Bank Branch Director) of the Issuer's branch in Slovakia.

Supervisory Board

The Supervisory Board is the supervisory authority of the Issuer. It appoints and recalls the members of the Board of Directors, the oversees exercise of the Board of Directors' powers, the Issuer's activities, and the effectiveness and efficiency of the Issuer's management and control system as a whole.

Pursuant to the Articles of Association of the Issuer, the Supervisory Board of the Issuer consists of nine members (natural persons). Two-thirds of the Supervisory Board members are elected and removed by the General Meeting, one-third of the Supervisory Board members are elected and removed by the Issuer's employees. The members of the Supervisory Board are appointed for a term of four years. As of the date of this Base Prospectus, the Supervisory Board has all nine members.

The following table sets forth the members of the Issuer's Supervisory Board as of the date of this Base Prospectus:

Name	Year of Birth	Position	Commencement of Membership	Commencement of Current Term of Office	Date of Expiration of the Current Term of Office
Cécile Bartenieff	1967	Chairman	1 September 2025	1 September 2025	1 September 2025
Petra Wendelová	1962	Vice-Chairman	25 April 2019	26 April 2023	26 April 2027
Miroslav Hájek	1979	Member	15 January 2023	15 January 2023	15 January 2027
Petr Dvořák	1960	Member	2 June 2017	4 June 2025	4 June 2029
Alvaro Huete Gomez	1963	Member	3 May 2021	4 May 2025	4 May 2029
Ondřej Kudrna	1979	Member	14 January 2019	15 January 2023	15 January 2027
Sylva Kynychová	1972	Member	14 January 2019	15 January 2023	15 January 2027
Marie Doucet	1959	Member	21 April 2023	21 April 2023	21 April 2027
Anne-Sophie Chauveau-Galas	1975	Member	24 April 2025	24 April 2025	24 April 2029

Cécile Bartenieff	
Date of appointment:	1 September 2025
Experience and other relevant information:	Cécile Bartenieff holds a Master's degree in Business Administration from the ESSEC Business School, Cornell University, New York, USA. Cécile has more than 30 years of experience in the financial services industry. She began her career in 1990 in consulting at Accenture and then, in 1996, moved into banking at BRED Banque Populaire. She joined Société Générale in 2000 starting to work within the Corporate and Investment Banking division. Then, she held various managerial roles in the Finance and Operations departments before being appointed Global Head of Operations in 2014 and, subsequently, Chief Operating Officer of Global Banking and Investor Solutions in 2017. Since 2022, she has been Chief Executive Officer of Société Générale Asia-Pacific. With effect from 1 September 2025, she has been appointed Head of Mobility and International Retail Banking & Financial Services. She is a member of Société Générale Strategic Group Committee.
Petra Wendelová	
Date of appointment:	26 April 2023
Experience and other relevant information:	She graduated from the University of Economics in Prague, where she earned an Ing. degree in economic statistics and a CSc. in economic sciences. From 1984 to 1990, she worked as an internal candidate and assistant professor at the Department of Statistics of the University of Economics in Prague. From 1990 to 1992, she was a member of the Board of Directors and Vice President of HC&C (privatisation fund

	administration). From 1992 to 1994, she worked as a member of the Board of Directors and President of HBS, a. s. (securities dealer, member of the Prague Stock Exchange). From 1995 to 2000, she served as Vice President of the multinational investment bank Credit Suisse First Boston, where she also dealt with the area of risk management. From 1996 to 2001, she was a member of the Prague Stock Exchange Chamber. From 2001 to 2005, she was a member of the Supervisory Board of the Prague Stock Exchange. From 2002 to 2005, she worked as a member of the Supervisory Board of UNIVYC (Central Securities Depository). Between 2000 and 2014, she was a partner at Ernst & Young (Ernst & Young s.r.o., EY Valuations s.r.o., expert institute), as well as managing director of the expert institute and a leading partner in the area of mergers and acquisitions. She is currently a member of the Supervisory Board of the multinational company LINET Group SE.

Miroslav Hájek

Date of appointment:	15 January 2023
Experience and other relevant information:	A graduate of the University of Western Bohemia in Pilsen with a major in law and legal science. His university studies were preceded by studies at the Business Academy in Mariánské Lázně, where he specialised in economics and accounting, and a 5-year employment with British American Tobacco. Afer completing his master's degree in 2009, he spent 4 years as a trainee enforcement agent at the Prague–East Enforcement Agent's Ofice, where he gained practical legal and managerial experience. Since 2013, he has been working at the Issuer as a lawyer; his work includes representing the Issuer in various types of court proceedings (such as trial, insolvency, criminal, and probate proceedings), providing legal support and, last but not least, managing an entrusted portfolio of defaulting clients.

Petr Dvořák

Date of appointment:	4 June 2025
Experience and other relevant information:	A graduate of the University of Economics in Prague (VŠE), where he completed his PhD in 2003 and was named associate professor of finance in 2005. He has been active at VŠE throughout his entire professional career, in 1984–1990 within the Finance and Credit Department, and from 1990 to the present within the Banking and Insurance Department, which he headed during 1994–1998. During 2006–2014, he was also Dean of the Faculty of Finance and Accounting, and, since 2014, he was Vice Rector for Academic Afairs. On 8 November 2021, the Academic Senate elected Mr. Dvořák Rector of VŠE with efect from 1 April 2022. He is a member of several scientific and editorial boards and an author of numerous publications.

Alvaro Huete Gomez

Date of appointment:	4 May 2025
Experience and other relevant information:	A graduate from Colegio Universitario de Estudios Financieros (CUNEF) with a bachelor's degree in economics and from Instituto de Estudios Superiores de la Empresa (IESE) with a master's degree in business administration. From 1987 to 1994, he worked for Banco de Progreso – Banco Urquijo. From 1994 to 1996, he held the position of Director of Investment Banking for Iberia at Nomura España. Subsequently, in 1996 and 1997, he served as Director of the Corporate Finance Group at Nomura in London. In 1997, he joined SG. From 1997 to 2006, he worked for Société Générale Corporate and Investment Banking in Madrid, first as Director of Structured Finance, then as Head of Corporate Banking for Iberia and Co-Head of Debt Capital Markets and Structured Finance. From 2007 to 2019, he worked for Société Générale Corporate and Investment Banking in London, first as Deputy Global Head for Debt Syndicates, then as Co-Head of Global Syndicates, and finally as Global

	Head of Debt Syndicates. In 2015, he was appointed Deputy Global Head of Global Financing and in 2019 he moved to Paris afer being appointed Deputy Global Head of Global Banking and Advisory. He has been a member of SG's Group Management Committee since 2016 and a member of the Board of Directors of Société Générale Luxembourg since 2024.

Ondřej Kudrna

Date of appointment:	15 January 2023
Experience and other relevant information:	A graduate of the SOVA Lobkovice Business Academy, branch of economics and accounting. Afer graduating from secondary school and completing military service, he joined the Issuer in 2000 as a processing specialist, then as a trader and bank advisor for Small Business. In these positions, he learned all activities and skills in the area of communication with customers and products of the Issuer. In May 2006, he accepted the ofer to be manager of the Roztoky branch, where he was responsible for the training and development of new colleagues, including the promotion of a new business location. In May 2007, he accepted another challenge and became manager of the Neratovice branch, where he is responsible for development of subordinates, business and financial results of the entrusted team, and compliance with the procedures of the cash and sales department. He currently holds the position of Branch Manager in the Issuer. He has been a member of the Trade Union of the Issuer since joining the Issuer.

Sylva Kynychová

Date of appointment:	15 January 2023
Experience and other relevant information:	A graduate of the Banking Institute College of Banking, majoring in Banking Management and MBA studies at Edu Efective Business School, USA. She joinedthe Issuer in 1990 at the Wenceslas Square branch, where she worked in various sales and managerial positions. In 2004, she moved to the Issuer's head ofice, where she dealt with both project and operational–administrative activities in the area of product and service implementation into banking systems. Since 2012, she has held senior positions in TPS - Operations Services, where she first specialised in KBI (core banking system) and since 2015 also in support of payments and prevention of payment fraud. Since April 2018, she has been involved in the administration of products and systems and in the agenda of mortgage bond coverage, currently the Enterprise Service Tribe. She has been a member of the trade union since joining the Issuer, and since April 2018 she has been partially released from her employment duties to serve as chairwoman of the KB Trade Union Committee, chairwoman of the basic trade union at KB Prague head ofice, and a member and vice-chair of the Trade Union of Financial and Insurance Workers. Since February 2019, she has been a member of the Supervisory Board of the Branch Health Insurance Company for employees of banks, insurance companies, and the construction industry.

Marie Doucet

Date of appointment:	21 March 2023
Experience and other relevant information:	A graduate in accounting, between 1980 and 1990, she occupied a succession of positions in audit and accounting firms (notably auditor at Ernst & Young and director of the auditing department of Groupe Alpha). In 1991, she started her career at SG Group in the Financial Markets department in Paris. She has held various positions within the SG Group: From 1993 to 1999, she worked as Back Ofice manager, moving on to deputy director within the securities division of the SG Group, Nantes-Paris. In 2000, she became Chief Financial Oficer of Hubsys, London. During 2001 and 2002, she worked at the Finance Department of the Issuer in Prague. Between 2002 and 2004, she served as Deputy Chief Financial Oficer for the International Retail Banking Division of SG Group. From

	2005 to 2008, she served as Chief Financial Oficer of the ECS Group – at the time, a subsidiary of SG Group. Between 2008 and 2013, she served as Director of Accounting Afairs, SG Group (Paris). Her last position, between 2013 and 2017, was Director of Human Resources and Head of Nantes regional ofice, which hosts Société Générale Securities Services. In 2019, she retired, and since 2021 she has been an Independent Director of Société Générale Luxembourg.

Anne-Sophie Chauveau-Galas

Date of appointment:	24 April 2025
Experience and other relevant information:	Mrs. Chauveau-Galas holds a Master's degree in Management from EDHEC Business School. She started her career in 1998 with Alcatel and then BSN (Danone) in the field of Human Resources. Since 2001, Anne-Sophie has held various operational HR positions before becoming Talent Management Director in 2005 for the Alstom Power sector. She joined the HR department of the Transport sector in 2009 and subsequently became Vice President HR Europe and Social Relations of the ALSTOM Group in 2015. She was previously Chief Human Resources Officer and member of the ALSTOM Group Executive Committee from May 2019. She has accompanied the transformation of the company since 2019, notably with the merger and integration of Bombardier Transportation. Further to her role as Member of the Supervisory Board of the Issuer, she is also the SG Group's Chief Human Resources Officer and Member of the SG Group's Executive Committee.

Audit Committee

The Audit Committee plays an important role in supervising the Issuer's proper management, the independence and objectivity of the external auditor, the auditor's conduct of the mandatory audit, effectiveness of the risk management systems (together with the Risk Committee), and mechanisms of internal management and control. Members of the Audit Committee are appointed by the General Meeting. The majority of members of the Audit Committee, including the Chairperson, are independent and professionally qualified.

Pursuant to the Articles of Association of the Issuer, the Audit Committee of the Issuer consists of at least three members (natural persons). As of the date of this Base Prospectus, the Audit Committee has three members.

The following table sets forth the members of the Issuer's Audit Committee as of the date of this Base Prospectus:

Name	**Year of Birth**	**Position**	**Commencement of Membership**
Petr Dvořák	1960	Member	24 April 2024
Petra Wendelová	1962	Chairman	25 April 2019

Petr Dvořák

Date of appointment:	24 April 2024
Experience and other relevant information:	A graduate of the University of Economics in Prague (VŠE), where he completed his PhD in 2003 and was named associate professor of finance in 2005. He has been active at VŠE throughout his entire professional career, in 1984–1990 within the Finance and Credit Department, and from 1990 to the present within the Banking and Insurance Department, which he headed during 1994–1998. During 2006–2014, he was also Dean of the Faculty of Finance and Accounting, and, since 2014, he was Vice Rector for Academic Afairs. On 8 November 2021, the Academic Senate elected Mr. Dvořák Rector of VŠE with efect from 1 April 2022. He is a member of several scientific and editorial boards and an author of numerous publications.

Petra Wendelová

Date of appointment:	25 April 2019

Experience and other relevant information:	She graduated from the University of Economics in Prague, where she earned an Ing. degree in economic statistics and a CSc. in economic sciences. From 1984 to 1990, she worked as an internal candidate and assistant professor at the Department of Statistics of the University of Economics in Prague. From 1990 to 1992, she was a member of the Board of Directors and Vice President of HC&C (privatisation fund administration). From 1992 to 1994, she worked as a member of the Board of Directors and President of HBS, a. s. (securities dealer, member of the Prague Stock Exchange). From 1995 to 2000, she served as Vice President of the multinational investment bank Credit Suisse First Boston, where she also dealt with the area of risk management. From 1996 to 2001, she was a member of the Prague Stock Exchange Chamber. From 2001 to 2005, she was a member of the Supervisory Board of the Prague Stock Exchange. From 2002 to 2005, she worked as a member of the Supervisory Board of UNIVYC (Central Securities Depository). Between 2000 and 2014, she was a partner at Ernst & Young (Ernst & Young s.r.o., EY Valuations s.r.o., expert institute), as well as managing director of the expert institute and a leading partner in the area of mergers and acquisitions. She is currently a member of the Supervisory Board of the multinational company LINET Group SE.

Risk Committee

Members of the Risk Committee are appointed by the Supervisory Board of the Issuer. The Risk Committee monitors the Issuer's approach to risk, its strategy in the risk area, acceptable levels of risk, and risk management.

Pursuant to the Articles of Association of the Issuer, the Risk Committee of the Issuer consists of at least two members (natural persons). As of the date of this Base Prospectus, the Risk Committee has three members, one of whom is independent (currently Marie Doucet). The risk committee meets according to need, but at least twice per year.

The following table sets forth the members of the Issuer's Risk Committee as of the date of this Base Prospectus:

Name	Year of Birth	Position	Commencement of Membership
Marie Doucet	1960	Chairman	2 September 2024
Alvaro Huete Gomez	1954	Member	3 May 2021
Cécile Bartenieff	1967	Member	1 September 2025

Marie Doucet

Date of appointment:	3 October 2018
Experience and other relevant information:	A graduate in accounting, between 1980 and 1990, she occupied a succession of positions in audit and accounting firms (notably auditor at Ernst & Young and director of the auditing department of Groupe Alpha). In 1991, she started her career at SG Group in the Financial Markets department in Paris. She has held various positions within the SG Group: From 1993 to 1999, she worked as Back Ofice manager, moving on to deputy director within the securities division of the SG Group, Nantes-Paris. In 2000, she became Chief Financial Oficer of Hubsys, London. During 2001 and 2002, she worked at the Finance Department of the Issuer in Prague. Between 2002 and 2004, she served as Deputy Chief Financial Oficer for the International Retail Banking Division of SG Group. From 2005 to 2008, she served as Chief Financial Oficer of the ECS Group – at the time, a subsidiary of SG Group. Between 2008 and 2013, she served as Director of Accounting Afairs, SG Group (Paris). Her last position, between 2013 and 2017, was Director of Human Resources and Head of Nantes regional ofice, which hosts Société Générale Securities Services. In 2019,

	she retired, and since 2021 she has been an Independent Director of Société Générale Luxembourg.

Alvaro Huete Gomez	
Date of appointment:	3 October 2018
Experience and other relevant information:	A graduate from Colegio Universitario de Estudios Financieros (CUNEF) with a bachelor's degree in economics and from Instituto de Estudios Superiores de la Empresa (IESE) with a master's degree in business administration. From 1987 to 1994, he worked for Banco de Progreso – Banco Urquijo. From 1994 to 1996, he held the position of Director of Investment Banking for Iberia at Nomura España. Subsequently, in 1996 and 1997, he served as Director of the Corporate Finance Group at Nomura in London. In 1997, he joined SG. From 1997 to 2006, he worked for Société Générale Corporate and Investment Banking in Madrid, first as Director of Structured Finance, then as Head of Corporate Banking for Iberia and Co-Head of Debt Capital Markets and Structured Finance. From 2007 to 2019, he worked for Société Générale Corporate and Investment Banking in London, first as Deputy Global Head for Debt Syndicates, then as Co-Head of Global Syndicates, and finally as Global Head of Debt Syndicates. In 2015, he was appointed Deputy Global Head of Global Financing and in 2019 he moved to Paris afer being appointed Deputy Global Head of Global Banking and Advisory. He has been a member of SG's Group Management Committee since 2016 and a member of the Board of Directors of Société Générale Luxembourg since 2024.

Cécile Bartenieff	
Date of appointment:	1 September 2025
Experience and other relevant information:	Cécile Bartenieff holds a Master's degree in Business Administration from the ESSEC Business School, Cornell University, New York, USA. Cécile has more than 30 years of experience in the financial services industry. She began her career in 1990 in consulting at Accenture and then, in 1996, moved into banking at BRED Banque Populaire. She joined Société Générale in 2000 starting to work within the Corporate and Investment Banking division. Then, she held various managerial roles in the Finance and Operations departments before being appointed Global Head of Operations in 2014 and, subsequently, Chief Operating Officer of Global Banking and Investor Solutions in 2017. Since 2022, she has been Chief Executive Officer of Société Générale Asia-Pacific. With effect from 1 September 2025, she has been appointed Head of Mobility and International Retail Banking & Financial Services. She is a member of Société Générale Strategic Group Committee.

Conflicts of Interest at the Level of Administrative, Management and Supervisory Bodies

The Issuer is not aware of any possible conflicts of interest between the duties of the members of its Board of Directors, the Supervisory Board, the Audit Committee and the Risk Committee owed to the Issuer and their private interests or other duties.

Principal Activities Outside of the Issuer

The following table provides an overview of principal activities significant to the Issuer, performed by members of the Issuer's bodies outside of the Issuer (beyond the positions outlined above), as of the date of this Base Prospectus:

Members of the Board of Directors	***Activity***
Jan Juchelka	***Member of the Supervisory Board of:***

	• Modrá pyramida stavební spořitelna, a.s.(chairman)
	Member of the Executive Board of:
	• Czech Banking Association
	• Nadace Komerční banky
Anne Laure Veronique de Kouchkovsky	No activity in corporate bodies outside of the Issuer in the Czech Republic
David Formánek	***Member of the Supervisory Board of:***
	• Ayvens s.r.o.
	• SG Equipment Finance Czech Republic s.r.o.
	• ALD Automotive Slovakia s.r.o. - Slovakia
Miroslav Hiršl	***Member of the Supervisory Board of:***
	• Komerční pojišťovna, a.s.
	• ESSOX s.r.o.
	• KB SmartSolutions, s.r.o.
	• KB Penzijní společnost, a.s.
	• ESSOX FINANCE, s.r.o. (chairman) – Slovakia
Margus Simson	***Member of the Supervisory Board of:***
	• Bankovní identita, a.s.
Jitka Haubová	***Member of the Supervisory Board of:***
	• Modrá pyramida stavební spořitelna, a.s.
	Executive Director of:
	• Národní výbor Mezinárodní obchodní komory v České republice (International Chamber of Commerce)
	• International Chamber of Commerce - France
Members of the Supervisory Board	
Cécile Bartenieff	No activity in corporate bodies outside of the Issuer in the Czech Republic
	•
Petra Wendelová	***Member of the Supervisory Board of:***
	• Nadace Národní galerie v Praze
	• Honoris a.s. (chairwoman)
	• LINET SE – The Netherlands
	Member of the Board of Directors of:
	• Spolek historie Suchdola, z.s.
	Ownership of interest of:
	• Ydun s.r.o. (10%)
	• Betelgeuze Star s.r.o. (10%)

Petr Dvořák	Member of the Audit Committee • Modrá pyramida stavební spořitelna, a.s. (chairman)
Alvaro Huete Gomez	No activity in corporate bodies outside of the Issuer in the Czech Republic ***Member of the Board of Directors:*** • Société Générale Luxembourg S.A. - Luxembourgh
Ondřej Kudrna	No activity in corporate bodies outside of the Issuer in the Czech Republic
Sylva Kynychová	***Member of the Supervisory Board of:*** • Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví (Professional health insurance company for employees of banks, insurance companies and the construction) ***Member of the Trade Union Bureau and member of the Trade Union Committee of:*** • Odborový svaz pracovníků peněžnictví a pojišťovnictví (Trade union of finance and insurance workers)
Marie Doucet	No activity in corporate bodies outside of the Issuer in the Czech Republic ***Member of the Board of Directors:*** • Société Générale Luxembourg S.A. - Luxembourgh
Anne-Sophie Chauveau-Galas	No activity in corporate bodies outside of the Issuer in the Czech Republic
Members of the Audit Committee Petra Wendelová	***Member of the Supervisory Board of:*** • Nadace Národní galerie v Praze • Honoris a.s. • LINET SE – The Netherlands ***Member of the Board of Directors of:*** • Spolek historie Suchdola, z.s. ***Ownership of interest of:*** • Ydun s.r.o. (10%) • Betelgeuze Star s.r.o. (10%)
Petr Dvořák	Member of the Audit Committee • Modrá pyramida stavební spořitelna, a.s. (chairman)
Delphin Garcin-Meunier	No activity in corporate bodies outside of the Issuer in the Czech Republic

	Member of the Board of Directors:
	• Ayvens S.A.- France
Members of the Risk Committee	
Marie Doucet	No activity in corporate bodies outside of the Issuer in the Czech Republic
	Member of the Board of Directors:
	• Société Générale Luxembourg S.A. - Luxembourgh
Alvaro Huete Gomez	No activity in corporate bodies outside of the Issuer in the Czech Republic
	Member of the Board of Directors:
	• Société Générale Luxembourg S.A. - Luxembourgh
Delphine Garcin-Meunier	No activity in corporate bodies outside of the Issuer in the Czech Republic
	Member of the Board of Directors:
	• Ayvens S.A.- France

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. As of 31 December 2024, the Group was controlled by SG, which owns 60.35% of its issued share capital.

A number of banking transactions are entered into with related parties in the normal course of business. These specifically include loans, deposits, transactions with derivative financial instruments, and other types of transactions. These transactions are carried out on an arm's length basis.

Amounts due to and from the Group companies

As of 30 June 2025, the Group had deposits of CZK 3,192 million (31 December 2024: CZK 4,332 million and 31 December 2023: CZK 5,154 million) due to Komerční pojišťovna and the Issuer had provided it a subordinated loan in the amount of CZK 452 million (31 December 2024: CZK 446 million and 31 December 2023: CZK 446 million). As of 30 June 2025, the positive fair value of financial derivatives in relation to the associate Komerční pojišťovna, a.s. totalled CZK 0 million (31 December 2024: CZK 30 million and 31 December 2023: CZK 92 million) and the negative fair value CZK 174 million (31 December 2024: CZK 163 million and 31 December 2023: CZK 434 million).

As of 30 June 2025, the interest income from financial derivatives of Komerční pojišťovna to the Group amounted to CZK 260 million (30 June 2024: CZK 132 million, 31 December 2024: CZK 211 million and 31 December 2023: CZK 346 million) and interest expense on financial derivatives totalled CZK 266 million (30 June 2024: CZK 122 million, 31 December 2024: CZK 205 million and 31 December 2023: CZK 305 million). Interest expense from deposits amounted to CZK 65 million (30 June 2024: CZK 141 million, 31 December 2024: CZK 228 million and 31 December 2023: CZK 249 million), fee income of the Group arising from intermediation totalled CZK 317 million (30 June 2024: CZK 331 million, 31 December 2024: CZK 660 million and 31 December 2023: CZK 591 million), fee expense amounted to CZK 74 million (30 June 2024: CZK 84 million, 31 December 2024: CZK 164 million and 31 December 2023: CZK 157 million), insurance expenses totalled CZK 4 million (30 June 2024: CZK 4 million, 31 December 2024: CZK 8 million and 31 December 2023: CZK 8 million), and other income totalled CZK 19 million (30 June 2024: CZK 17 million, 31 December 2024: CZK 33 million and 31 December 2023: CZK 35 million).

As of 30 June 2025, deposits received by the Group from other associated companies were CZK 6 million (31 December 2024: CZK 8 million and 31 December 2023: CZK 2 million), loans granted to these companies totalled CZK 178 million (31 December 2024: CZK 166 million and 31 December 2023: CZK 227 million), and allowances for these loans came to CZK 0 million (31 December 2024: CZK 29 million and 31 December 2023: CZK 25 million). Related interest income totalled CZK 5 million (31 December 2024: CZK 23 million and 31 December 2023: CZK 14 million) and interest expense totalled CZK 0 million (31 December 2024: CZK 0 million and 31 December 2023: CZK 0 million).

Amounts due to and from the SG Group companies

The following table shows the principal balances due from SG Group companies.

	30 June 2025		31 December 2024		31 December 2023	
CZK millions	**Total**	**Of which derivatives**	**Total**	**Of which derivatives**	**Total**	**Of which derivatives**
Ayvens s.r.o.	8,262	0	8,450	0	9,101	0
ALD Automotive Slovakia s. r. o.	63	0	101	0	71	0
BRD – Groupe Société Générale SA	6	0	3	0	63	0
SG Bruxelles	0	0	2	0	2	0
SG Zurich	0	0	0	0	245	0
Société Générale oddzial w Polsce	0	0	0	0	47	47
Société Générale Luxembourg	107	0	0	0	0	0
Société Générale Paris	31,647	4,938	37,939	6,058	32,462	9,609
Total	**40,085**	**4,938**	**46,495**	**6,058**	**41,991**	**9,656**

The following table shows the principal balances owed to SG Group companies.

	30 June 2025		31 December 2024		31 December 2023	
CZK millions	**Total**	**Of which derivatives**	**Total**	**Of which derivatives**	**Total**	**Of which derivatives**
Ayvens s.r.o.	222	0	373	0	1,267	0
BRD – Groupe Société Générale SA	1	0	1	0	2	0
SG Amsterdam	1	0	0	0	2	0
SG Frankfurt	400	0	298	0	0	0
Société Générale Luxembourg	50	0	56	0	1,122	0
SG Milan	5	0	1	0	2	0
SG Private Banking (Suisse)	0	0	1	0	0	0
SGEF SA	-	-	3	0	3	0
Société Générale Londres	55	0	88	0	4	0
Société Générale New York	10	0	10	0	4	0
Société Générale oddzial w Polsce	1	0	1	0	21	12
Société Générale Paris	143,588	8,525	139,505	9,924	149,890	12,646
Total	**144,333**	**8,525**	**140,337**	**9,924**	**152,317**	**12,658**

Amounts due to and from the SG Group entities principally comprise balances of current and overdraft accounts, nostro and loro accounts, subordinated and senior non-preferred debt, issued loans, interbank market loans and placements, deposited margins in favour of the counterparty, and fair values of derivatives.

As of 30 June 2025, the Group also carried off-balance sheet exposures to the SG Group entities, of which off-balance sheet nominal assets and liabilities totalled CZK 559,582 million (31 December 2024: CZK 543,700 million and 31 December 2023: CZK 596,055 million) and CZK 440,896 million (31 December 2024: CZK 467,102 million and 31 December 2023: CZK 500,328 million), respectively. These amounts principally relate to currency spots and forwards, interest rate forwards and swaps, options, commodity derivatives, emission allowances, and guarantees for credit exposures.

As of 30 June 2025, 31 December 2024 and 31 December 2023, the Group also recorded other accounts receivable and payable from and to SG Group entities, the amounts of which are not significant.

During the period of six months ended 30 June 2025, the Group generated net operating revenues due to SG Group of CZK (1,246) million (CZK (523) million for the period of six months ended 30 June 2024, CZK (3,199) million for the year ended 31 December 2024 and CZK (4,584) million for the year ended 31 December 2023). The total is mainly afected by the volatile revaluation of derivative transactions to fair value. These operations follow on from operations concluded with clients and eliminate the Group's market risk or they are hedging derivatives of the fair value hedging type. Other sources of revenue include the distribution of the SG Group products, and providing services in areas of infrastructure, information technology, and business intelligence services. Net interest income of CZK (1,806) million the period of six months ended 30 June 2025 (CZK (2,752) million for the period of six months ended 30 June 2024, CZK (4,698) million for the year ended 31 December 2024 and CZK (3,483) million for the year ended 31 December 2023) consisted mainly of interest on hedging derivatives, transactions on the interbank market, and subordinated debt and senior non-preferred debt received.

Operating expenses realised in relation to the SG Group during the period of six months ended 30 June 2025 totalled CZK 136 million (CZK 148 million for the period of six months ended 30 June 2024, CZK 378 million for the year ended 31 December 2024 and CZK 334 million for the year ended 31 December 2023), mostly for the use of services in the area of operation and management of hardware and sofware and assistance services. The operating result in relation to the SG Group reached CZK (1,382) million (CZK (671) million for the period of six months ended 30 June 2024, CZK (3,576) million for the year ended 31 December 2024 and CZK (4,918) million for the year ended 31 December 2023).

In connection with lease contracts the Group records:

	30 June 2025		31 December 2024		31 December 2023	
CZK millions	**Right-of-use assets**	**Lease liabilities**	**Right-of-use assets**	**Lease liabilities**	**Right-of-use assets**	**Lease liabilities**
Ayvens s.r.o.	126	35	143	39	143	43
ALD Automotive Slovakia s. r. o.	2	1	1	3	2	1
Total	**128**	**36**	**144**	**42**	**145**	**44**

	30 June 2025		31 December 2024		31 December 2023	
CZK millions	**Depreciation expense**	**Interest expense**	**Depreciation expense**	**Interest expense**	**Depreciation expense**	**Interest expense**
Ayvens s.r.o.	18	0	32	1	27	0
ALD Automotive Slovakia s. r. o.	0	0	0	0	0	0
Total	**18**	**0**	**32**	**1**	**27**	**0**

As of 30 June 2025, the Group reported a loss of CZK 0 million (30 June 2024: CZK 2 million, 31 December 2024: CZK 3 million and 31 December 2023: CZK 2 million) on terminated contracts.

CZECH BANKING REGULATION

This section contains selected information on certain aspects of Czech banking regulation and supervision. The information in this section is intended to provide a brief overview of Czech banking regulation and supervision to which the Issuer, the Group or certain of its members are subject, and is not intended to provide a comprehensive or complete description of Czech banking regulation and supervision.

Banking Regulation and Supervision

The structure of the regulation and supervision of the Czech banking system is set forth in a number of statutes, including the Czech Act No. 6/1993 Coll., on the Czech National Bank, as amended (the **Czech CNB Act**), the Czech Banking Act, the Czech Capital Markets Act, the Czech Act No. 15/1998 Coll., on Supervision in the Capital Market Area and Amendment of Certain Other Acts, as amended (the **Czech Capital Markets Supervision Act**), the Czech Act No. 253/2008 Coll., the Act on Some Measures against Money-Laundering and Financing of Terrorism, as amended, the Czech Act No. 370/2017 Coll., on Payment Services, as amended, the Czech Bonds Act, the Czech Act No. 93/2009 Coll., on Auditors, as amended, the Czech Act No. 377/2005 Coll., on Supplementary Supervision over Banks, Credit Unions, Electronic Money Institutions, Insurance Companies and Investment Firms in Financial Conglomerates and amending some other acts, as amended (the **Czech Financial Conglomerates Act**), the **Czech Recovery and Resolution Act**, the Czech Act No. 257/2016 Coll., on Consumer Credit, as amended (the **Czech Consumer Credit Act**) and certain regulations issued by the CNB (known as measures and decrees) as well as directly applicable EU laws and regulations.

The CNB

The CNB exercises regulatory and supervisory powers over the banking sector, as well as the rest of the Czech financial sector (including the capital markets, insurance, pension funds, credit unions and electronic money institutions as well as the foreign exchange sector). The CNB also carries out the traditional activities of a central bank including fostering price stability through monetary policy as well as fostering financial stability and safe functioning of the financial system in the Czech Republic.

As a general rule, the CNB exercises banking supervision over Czech banks (including subsidiaries of foreign banks incorporated in the Czech Republic) and Czech branches of banks established outside the EEA. Banks established in EEA countries other than the Czech Republic which are conducting their banking business in the Czech Republic through a Czech branch passported in the Czech Republic, or without establishment of a Czech branch on the basis of freedom of cross-border provision of services, are primarily subject to supervision by their home country regulators, although their supervision is also partially carried out by the CNB.

Under the Czech CNB Act and the Czech Banking Act, the CNB is empowered with an array of powers to regulate and supervise the Czech banking system. These powers, among others, include the power to: (i) grant banking licences; (ii) issue regulations containing the terms and conditions of entry into the banking sector and setting down prudential rules for specific areas of banking business; (iii) monitor the activities of banks, branches of foreign banks and credit unions; (iv) perform examinations (inspections) in banks, including foreign bank branches and credit unions; (v) grant prior consents to certain activities involving a bank, including the acquisition of a participation in a bank, the disposal of a bank's business, the merger or winding up of a bank, or the termination of a bank's activities; and (vi) impose remedial measures and penalties for Shortcomings detected in banks' activities (see section *Remedial Measures and Penalties* below).

Licensing

As a general rule, only joint-stock companies that have been granted a banking licence by the CNB in compliance with the Czech Banking Act are permitted to operate in the Czech Republic as a bank. Certain exceptions apply to foreign banks established within the EEA which intend to provide banking services in the Czech Republic through their Czech branch or on the basis of freedom of cross-border provision of services. Licences are issued for an indefinite period of time and contain a list of the activities that the respective bank is permitted to conduct. In some cases, licences also contain conditions the bank must meet prior to commencing a particular permitted activity or while conducting that activity. Some of the activities listed in the licence, such as the provision of investment services and certain custodian services, may be conditional upon the fulfilment of special conditions.

Activities Requiring Prior Consent of or Notification to the CNB

In a number of cases, the Czech Banking Act requires banks or other legal or natural persons to apply for consent from the CNB or to notify the CNB before executing particular transactions or operations.

Prior consent of the CNB is required, without limitation: (i) where a person proposes to acquire or increase a direct or indirect participation in a Czech bank so that it would reach or exceed 10%, 20%, 30% or 50% of the registered capital or of the voting rights, or so that the acquirer would become the bank's controlling entity or have the possibility to exercise a significant influence over the bank's management (this duty also applies to persons acting in concert); (ii) in order to enter into an agreement pursuant to which the business enterprise of the bank or a part thereof is disposed of; (iii) in order to merge or divide the bank or to transfer its assets to its shareholder; (iv) for a resolution of the general meeting of shareholders to wind up the bank or cease to carry out any activity for which a licence is required; and (v) in order to reduce the capital of the bank, unless the capital is being reduced to cover a loss.

A prior notification to the CNB is required, without limitation: (i) where a person proposes to completely dispose of or reduce a direct or indirect participation in a bank so that it would fall below 10%, 20%, 30% or 50% of the registered capital or of the voting rights, or so that the acquirer would cease to be the bank's controlling entity or cease to have the possibility of exercising a significant influence over the bank's management (this duty also applies to persons acting in concert); (ii) of changes proposed to a bank's articles of association relating to the parts that are required by law; (iii) of proposed personnel changes in the Board of Directors and senior management of the bank; (iv) of the bank's intent to establish a legal entity (subsidiary), branch or representation abroad or to provide services abroad without establishing a branch; and (v) of the identity of a bank's auditor.

A subsequent notification to the CNB must be filed by a Czech bank without undue delay upon any acquisition of a participation in a legal entity, incorporation of a legal entity or participation in its incorporation if the Czech bank acquired or holds a direct or indirect participation in such legal entity of at least 10% of the registered capital or of the voting rights, or so that the Czech bank would become the legal entity's controlling entity or has the possibility to exercise a significant influence over the legal entity's management.

Capital Adequacy Requirements

In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel III, which tightened the definition of capital and requires banks to maintain capital buffers on top of minimum capital requirements. On 27 June 2013, the **CRD IV** and the CRR, transposing Basel III into EU-law, have been published.

The CRR (an EU-regulation which directly applies in all EU-Member States without any further national implementation steps) entered into force on 1 January 2014. Certain Czech laws (including amendments to the Czech Banking Act and an implementing Decree of the CNB No. 163/2014 Coll., on the Performance of the Activities of Banks, Credit Unions and Investment Firms, as amended (the **Prudential Rules Decree**)) implementing the CRD IV into Czech law were subsequently amended or newly promulgated in 2014,

Thus, since 2014, the prudential requirements, in particular the regulatory capital requirements applicable to the Issuer have been substantially changed.

Under the new rules, the only capital instruments eligible as own funds are: (i) CET 1 instruments; (ii) additional tier 1 instruments (the **AT 1**) (CET 1 and AT 1 together constituting the **Tier 1**); and (iii) tier 2 instruments (the **Tier 2**).

Institutions are required at all times to satisfy the following capital ratios for own funds: (i) a CET 1 ratio of 4.5%; (ii) a Tier 1 ratio of 6%; and (iii) a total capital ratio constituted of the Tier 1 and Tier 2 of 8%, all expressed as a percentage of the total risk exposure amount. The total risk exposure amount is in principle the sum of risk-weighted exposure amounts for credit risk, as well as the own funds requirements for market risk and operational risk.

Therefore, while the total capital an institution needs to hold remains at 8%, the share that has to be of the highest quality (i.e. CET 1) increased from 2% to 4.5%.

The new rules established the following new capital buffers: (i) the capital conservation buffer (currently 2.5% in the Czech Republic); (ii) the countercyclical capital buffer (currently 1.25% in the Czech Republic since 1 July 2024); (iii) the systemic risk buffer (currently 0.5% in the Czech Republic since 1 January 2025); (iv) the global systemic institutions buffer and (v) the other systemic institutions buffer. The other systemically important institutions buffer applicable to the Issuer is equal to 2.0%.

On top of these own funds requirements, the competent authorities may add extra capital requirements to cover other risks following a supervisory review (as a result of the last supervisory review conducted in 2024 Issuer is subject of additional Pillar 2 Requirement buffer of 2.4% since 1 January 2025) and institutions may also decide to hold an additional amount of capital on their own.

Under Basel III, banks (such as the Issuer) are required to meet two new liquidity standards: (i) the LCR and (ii) the NSFR. The LCR requires banks to hold an amount of unencumbered, high quality liquid assets that can be used to offset the net cash outflows the bank would encounter under an acute short-term stress scenario specified by supervisors. The NSFR measures the amount of longer term, stable sources of funding available to a bank in relation to the stable funding it requires over a one year period of extended stress, given the liquidity profiles of its assets and its off-balance sheet exposures.

At the same time, the criteria for each capital instrument became more stringent; due to harmonized definitions of adjustments made to capital in order to determine the amount of regulatory capital that is prudent to recognise for regulatory purposes, the effective level of required regulatory capital has been increased significantly.

In respect of credit risk, in order to calculate their risk-weighted exposure amounts, institutions shall apply either the standardised approach or (if permitted by the competent authorities) the internal ratings based approach (the **IRB**). At the date of this Base Prospectus, the Issuer is using the advanced IRB approach for calculation of credit risk, the standardised approach for calculation of market risk, and advanced measurements approach for calculation of operational risk.

Apart from the prudential requirements on own funds and regulatory capital described above, Czech credit institutions are subject to numerous other regulatory requirements stipulated by EU-law, including limits on large exposures, liquidity requirements, leverage ratios, as well as reporting and notification obligations. Credit institutions have to comply with such prudential and regulatory requirements not only on an individual level, but also on a group level.

The CNB is authorised to apply certain remedial measures linked to failure to meet capital adequacy criteria. For example, the CNB may require the bank, among other things, to increase its capital to a sufficient level, to limit the acquisition of certain higher-risk assets, to refrain from paying interest on deposits where relevant interest rates would be in excess of the then current market level or to cease providing any loans to persons that have close personal or proprietary links with the bank. In an extreme case, the CNB is obliged to revoke the bank's licence, unless the bank is subject to a crisis resolution measure (in Czech, *opatření k řešení krize*) pursuant to the Czech Recovery and Resolution Act.

Furthermore, on 23 November 2016, the European Commission published its proposal for an EU Banking reform package including proposals to amend the CRR, the CRD IV and BRRD (the **EU Banking Reform**) as part of the finalisation of the Basel III framework and its implementation in the EU. The individual pieces of law forming the EU Banking Reform were adopted on 20 May 2019. The amendments include, among other things, introduction of a new asset class of "non-preferred" senior debt, changes to the market risk framework by implementing the fundamental review of the trading book, changes to the counterparty credit risk framework, introduction of a leverage ratio requirement, binding implementation of the NSFR, revisions to the Pillar 2 framework and revisions to the framework concerning interest rate risk in the banking book.

Financial Conglomerates

Starting in September 2005, the Czech Financial Conglomerates Act came into force implementing Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. According to the Czech Financial Conglomerates Act, a bank is considered to be a "regulated person" when under certain circumstances it is subject to a regulation of the Czech Financial Conglomerates Act.

According to the Czech Financial Conglomerates Act a financial conglomerate is a group or subgroup if:

1. the group or subgroup is headed by: (i) a regulated person, such as a bank, credit institution, insurance company or securities broker, which either: (a) controls a person in the financial sector; or (b) is a person who exercises a significant influence on a person in the financial sector; or (c) is a person connected to other person in financial sector through a unified management (d) is a person, the majority of whose members of statutory, managing and supervisory bodies comprise during most of the relevant accounting period individuals or persons, who are at the same time members of the statutory, managing and supervisory bodies of another person in the financial sector, or (ii) a person who is not a regulated person, provided the activity of the group is performed predominantly in the financial sector;

2. at least one person in the group or subgroup belongs to the insurance sector and at least one person in the group or subgroup belongs to the banking sector or investment services sector; and

3. the activities in the insurance sector of the group or subgroup in their aggregate and the activities in the banking sector and investment services sector of the group or subgroup in their aggregate are significant (where the extent of the sector's significance is specified in detail in the Czech Financial Conglomerates Act).

The supplementary regulation under the Czech Financial Conglomerates Act concerns mainly the following three areas at the level of the financial conglomerate:

(a) capital adequacy;

(b) risk management; and

(c) intra-group transactions.

The supplementary supervision is exercised at the level of the financial conglomerate, i.e. at the level of the regulated entity which is at the top of the financial conglomerate, or at the level of the regulated entity, the parent of which is a mixed financial holding company (i.e., a non-regulated entity controls a regulated entity) which has its head office in the EU.

As of the date of this Base Prospectus, neither the Issuer nor any member of the Group is considered a regulated person subject to direct supplementary supervision at the level of a financial conglomerate. However, the SG Group is considered a financial conglomerate, and therefore is subject to such supplementary supervision.

Minimum Reserves

Under the Czech CNB Act, the CNB may require banks, foreign bank branches and credit unions to hold a pre-specified amount of liquid funds, known as minimum required reserves, in accounts with the CNB. The required minimum reserves may not exceed 30% of the total liabilities of the institution required to hold such reserves, net of its liabilities owed to other regulated persons. Since 2 January 2025, the CNB requires minimum reserves to amount to at least 4% of the aggregate of the following liabilities to entities other than banks or foreign banks with a maturity of up to two years: (i) customer deposits; (ii) loans accepted from customers; (iii) holdings by non-banking entities of outstanding non-marketable securities; and (iv) holdings by non-banking entities of other outstanding debt securities. Minimum reserves are calculated from liabilities denominated in CZK as well as other currencies. Failure by a bank or a branch of a foreign bank established outside the EEA to meet minimum reserve requirements exposes the bank to interest penalties equal to twice the average Lombard rate applicable during the period in which it was obliged to meet such minimum reserve requirements.

Liquidity Rules

Under the Czech Banking Act and the Prudential Rules Decree, banks operating in the Czech Republic are required to monitor and manage liquidity risk. A bank must establish a strategy for the management of liquidity risks and monitor liquidity on a daily basis for each individual major currency in which it deals, and on the aggregate level for all currencies. Banks must also maintain a stable and diversified funding portfolio and manage relationships with their principal creditors.

Classification of Receivables and Impairment

Under the Czech Banking Act, CRR and the Prudential Rules Decree, Czech banks and branches of foreign banks established outside the EEA are required to classify their exposures (especially those originating from granting of credit) according to the likelihood of default on such receivables into the following classes: (i) performing exposures; and (ii) non-performing exposures. The classification is realised in accordance with the approach to classification of exposures set out in the Commission Implementing Regulation (EU) No 2021/451 of 17 December 2020 laying down implementing technical standards with regard to supervisory reporting of institutions according to CRR. Following such classification, Czech banks and branches of foreign banks must follow procedures set by the Prudential Rules Decree to set amounts of expected losses on the exposures and create provisions and reserves to cover them.

Large Exposures

Under the Czech Banking Act, the CRR and the Prudential Rules Decree, Czech banks and branches of foreign banks established outside the EEA are required to comply with large exposure rules established by the CRR that limit the amount of their assets and off-balance sheet items in respect of a person or economically connected group of persons. For the purposes of these rules, a large exposure to a person or economically connected group of persons is deemed to exist if the exposure value is equal to or higher than 10% of a bank's eligible capital.

As a general rule, a Czech bank shall not incur an exposure, after taking into account the effect of the credit risk mitigation, to a client or group of connected clients the value of which exceeds 25% of its eligible capital. If a group of connected clients includes one or more credit institutions or investment firms, the value of the exposure must not exceed 25% of a Czech bank's eligible capital or EUR150 million, whichever is higher, provided that the sum of exposure values, after taking into account the credit risk mitigation, to all connected clients that are not credit institutions or investment firms must not exceed 25% of the Czech bank's eligible capital.

Qualified Participations

The Czech Banking Act defines a qualified participation as a direct or indirect participation in an entity which represents 10% or more of the registered capital or voting rights of such entity, or which makes it possible to exercise significant influence over the management of such entity. Under the CRR, a qualified participation held by a bank or its consolidated group in a non-financial institution (i.e., an entity that is neither a Czech bank, a foreign bank, a financial institution nor an ancillary services undertaking) may not exceed (i) in respect of a single legal entity, 15% of the bank's or the consolidated group's eligible capital and (ii) in respect of all legal entities, a total of 60% of the bank's or the consolidated group's eligible capital. These limits do not apply in specific limited circumstances.

Under the Czech Banking Act, a bank may acquire a participation or share in another legal entity, incorporate another legal entity or participate in its incorporation only if: (a) the bank does not become a participant with unlimited liability; (b) the legal entity is not a person having a qualified participation in such bank (with some exemptions stated by the Czech Banking Act); (c) there are no legal or other obstacles to effective supervision of the bank's activities; or (d) the investment is in compliance with the total strategy of the bank and the bank controls the risks connected with such investment, in particular, in light of the eventual obligations of the bank arising therefrom.

Disclosure of Information

Banks are required to disclose and file with the CNB a number of reports, including quarterly and annual reports. The form of the reports is specified in various CNB decrees. The annual report must contain, among other things, the bank's financial statements and the external auditor's report. Since 2002, banks' internal risk management systems must also be audited by statutory auditors, unless the CNB waives this requirement or limits it to only some parts thereof. The CNB reviews these reports and monitors whether regulations on liquidity, large exposures, capital adequacy, capital, qualified participations and other matters have been observed. Banks are also required to introduce effective mechanisms for dealing with customer complaints and to inform customers about these mechanisms in their premises. Banks must also disclose basic information about themselves, their shareholder structure, the structure of the consolidated group to which they belong, and their activities and financial situation on their website. Certain banks are also obliged to disclose information on compliance with the prudential rules.

Deposit Insurance

Primary deposits with Czech banks are insured with the Deposit Insurance Fund (the **Deposit Insurance Fund**) operated by the Financial Market Guarantee System established pursuant to the Czech Recovery and Resolution Act. All Czech banks and branches of foreign banks outside the EEA must participate in this deposit insurance scheme and contribute to the Deposit Insurance Fund. The Deposit Insurance Fund is financed from contributions from banks, funds obtained at the financial market, subsidies, repayable financial assistance and loans provided by the CNB, investment yields on its funds and proceeds from finalised insolvency and liquidation proceedings.

The condition for insuring each deposit is that the person making the deposit is duly identified, as follows:

- in the case of individuals, the deposit must be identified by the individual's name, surname, personal identification number or date of birth and address; and

- in the case of legal entities, the deposit must be identified by the legal entity's name, registered seat and, in the case of Czech legal entities, their identification number.

Neither individuals nor legal entities need to apply for deposit insurance in order for their deposits to be covered. A deposit kept at a bank, building society or co-operative savings bank is insured automatically by operation of law.

Subject to applicable limitations, deposit insurance covers all claims arising from deposits held in Czech Koruna or in other currencies registered as credit balances on accounts or deposit books, or evidenced by a certificate of deposit, deposit slip or another comparable document, and any interest accrued on such deposits. The deposit insurance does not cover deposit claims of banks, foreign banks, financial institutions, health insurance companies, state funds and certain other entities, such as members of the management or certain significant shareholders of the bank. Claims from subordinated debt and bills of exchange and other securities are also not covered by deposit insurance.

The level of insurance coverage is calculated by aggregating the insured deposits of each depositor with the particular bank. Since 1 January 2011, the amount that can be paid to a depositor under the scheme is equal to 100% of the aggregate of its deposits and is capped at the amount of EUR100,000 per depositor per bank. For this purpose, the amounts paid in respect of deposits on joint accounts are proportionately allocated to each joint account holder. Since 1 January 2016, legislation has defined exceptional cases where even higher compensation may be paid out for a defined period of time. This increased compensation can exceed the basic limit of EUR100,000 by a maximum of an additional EUR100,000. Such exceptional cases are e.g. deposit compensations for deposits resulting from real estate transactions related to private residential properties, settlement of the common property of spouses after divorce, insurance settlement (in the case of injury, illness, invalidity or death) and in other cases determined by law.

A yearly contribution of a Czech bank to the Deposit Insurance Fund is calculated pursuant to a formula published by the CNB, which takes into account the amount of the insured deposits and the risk profile of the institution. In 2024, the Issuer paid CZK147 million and Modrá pyramida paid CZK20 million in contributions to the Deposit Insurance Fund.

Remedial Measures and Penalties

Under Czech law, banks are obliged to carry out their business in a prudential manner, in particular in a manner that does not impair the interests of depositors in respect of recoverability of their interests or endanger the bank's safety and soundness. Banks are also required to observe all applicable legal rules and regulations, including the terms and conditions stipulated in their licence. If the CNB detects any Shortcomings in the activities of a bank, it is authorised, among other things to: (i) require the bank to remedy the situation within a specified period by, for example, restricting some of the bank's activities, replacing persons in the bank's management or the bank's Supervisory Board, or creating adequate provisions and reserves; (ii) change the bank's licence by excluding or restricting some of the activities listed in the bank's licence; (iii) order an extraordinary audit at the expense of the bank; (iv) impose a fine of up to CZK50 million or, in some cases, of up to 10% of annual net turnover of the bank or the consolidated accounts of the parent undertaking; (v) require a reduction of the bank's capital to cover any loss (to the extent that such loss is not covered by reserve funds and other funds), provided that the loss exceeds 20% of the bank's equity; (vi) impose forced administration if the stability of the entire banking sector is endangered; and (vii) revoke the bank's licence where serious Shortcomings persist or when the bank

is insolvent. The CNB is also authorised to apply certain other measures, which are linked mainly to capital adequacy (see Capital Adequacy Requirements above).

Under the Czech Resolution and Recovery Act, the CNB may further exercise a range of crisis prevention measures and crisis management measures, as described above (see *General Description of Czech Legislation relating to Mortgage Covered Bonds – 10. Czech Resolution and Recovery Act*).

Additionally, the CNB is authorised to take measures consisting of suspending the rights of shareholders who acquire or increase a qualifying holding in a bank without the CNB's consent or who operate to the detriment of the sound and prudent management of the bank.

Consolidated Supervision

Under the Czech Banking Act and the Prudential Rules Decree, Czech banks, branches of foreign banks established outside the EEA and other entities forming consolidated groups are also subject to supervision on a consolidated basis, which includes monitoring and regulating the risks to which Czech banks and branches of foreign banks established outside the EEA are exposed due to their membership in a consolidated group.

As a general rule, consolidated groups controlled by a bank or financial holding entity seated in other EEA Member States are not subject to supervision by the CNB on a consolidated basis.

The consolidated groups subject to supervision by the CNB on a consolidated basis are mainly obliged to comply with: (i) the requirements for the internal management and control system; (ii) the rules for capital requirements; (iii) the large exposure rules; (iv) the restrictions on qualified participation; and (v) the rules for disclosure of information. When exercising supervision on a consolidated basis, the CNB co-operates with authorities responsible for supervising banks and financial institutions in other countries, and is entitled to exchange information with them.

MORTGAGE LOANS AND THEIR REGULATORY FRAMEWORK

This section contains selected information on certain aspects of the regulation of mortgage loans in the Czech Republic. The information in this section is intended to provide a brief overview of the regulation of mortgage loans in the Czech Republic which affects the Issuer, the Group or certain of its members and it is not intended to provide a comprehensive or complete description of regulation of mortgage loans in the Czech Republic.

Mortgage Bank as Pledgee

The Issuer qualifies as a mortgage bank which, as the mortgagee, generally enjoys enhanced protection with regard to the receivables or parts of those receivables under Mortgage Loans which constitute Cover Assets included in the Cover Pool, which are used to cover the obligations of the Issuer from the Czech Mortgage Covered Bonds (i.e. their aggregate nominal value and the value of the proportionate yield).

There are several methods to enforce a pledge over real property securing a Mortgage Loan. Where real property securing a Mortgage Loan is sold by way of judicial auction according to the Civil Procedure Code, the receivables of the Issuer as a mortgage bank (or as the mortgagee) will be satisfied in priority to any other receivables of all other creditors of the mortgagor and shall be satisfied immediately following only the deduction of the costs associated with the foreclosure auctions and with the administration of a respective building and tract of land (up to one-tenth from the auction's proceeds).

Since 1 May 2000, a creditor whose claim is secured by a mortgage over real property does not need to resort to the sale of that property by way of judicial auction even in cases where the owner of the real property disagrees with the sale of the real property. According to the Czech Act No. 26/2000 Coll., on Public Auctions, as amended (the **Czech Public Auctions Act**), the mortgagee may propose the implementation of an involuntary public auction, provided that the receivable has been confirmed by an enforceable court decision, enforceable arbitral decision or was documented by way of an enforceable notarial deed, which contains the particulars prescribed by applicable law.

A valuation of the real property in public auction must be prepared in the form of an expert opinion and must not be older than six months as of the date of the auction. Information, the publication of which is required by law, or information published voluntarily by the auction participants is publicly accessible on a designated website.

From the moment when the mortgagor of the real property receives written notice from the mortgagee of its intention to enforce the rights arising from the mortgage any legal steps undertaken by the mortgagor leading to the disposal, encumbrance or leasing of the Mortgaged Property or to the creation of new obligations that decrease the value of the Mortgaged Property or limit the ability to dispose of the Mortgaged Property are invalid. This limitation does not apply in cases where the object of the public auction has not been auctioned off or if the auction was nullified and a replacement auction is not scheduled or if the auctioneer cancelled the auction or if the auction was declared null and void.

After deducting the costs associated with the public auction from its proceeds, claims of the creditors are satisfied in the following order: (i) claims relating to the administration of a respective building and tract of land (up to one-tenth from the auction's proceeds) and claims secured by a possessory lien; (ii) claims based on a Mortgage Loan covering the obligations arising from Czech Mortgage Covered Bonds (i.e., their aggregate nominal value); (iii) claims secured by a mortgage or by a restriction on the transfer of real property (where more of these mortgages are attached to the object of the auction such claims shall be satisfied according to the order of their origination); and (iv) claims that constitute taxes, fees, public health insurance, social security insurance and contributions to the state employment policy, if these became due in the last three years prior to the auction and have been filed by the authorised auction creditors (where more such claims are filed by the auction creditors, such claims shall be satisfied proportionally).

The Czech Act No. 89/2012 Coll., the civil code, as amended (the **Czech Civil Code**), effective as of 1 January 2014 has introduced two new methods of mortgage enforcement. These new methods, if agreed on in writing, may serve as alternatives to the sale of the real property in judicial or public auction.

The first new method of enforcement of a claim secured by a mortgage is the direct private sale of the real property. This method is only available where the parties expressly agreed on it in writing. The mortgagee may, at any time during the process of enforcement by way of the direct private sale, change the method of enforcement and sell the real property in public or judicial auction. The mortgagor must be notified about such a change in

due course. The mortgagee is not entitled to sell the real property prior to the day falling thirty days from: (i) delivery (or deemed delivery under the terms of Czech law) of the mortgagee's notification of the commencement of enforcement to the mortgagor; or (ii) the inscription of the commencement of enforcement of the mortgage into the Czech Real Property Register, depending on which of the events set out under paragraph (i) or (ii) occurs later. Should the mortgagee enforce the mortgage by a sale that does not qualify as a sale in the public auction under the Czech Public Auctions Act, the mortgagee has a duty to proceed with expert care, in a manner which ensures that the real property is sold at standard market price and other standard market conditions and at the same time to pursue not only its own interests, but also the interests of the mortgagor.

Without undue delay after the sale of the real property, the mortgagee is obliged to provide the mortgagor with a report in writing, containing information about the sale, expenses incurred in the course of the sale, as well as information about the proceeds of the sale and their subsequent use.

The other new method of mortgage enforcement is the mortgagee's option to accept the real property as satisfaction for the secured debts. This alternative, like the enforcement by way of direct private sale, must be agreed on in writing.

Mortgage agreements relating to the Mortgaged Property generally include detailed provisions governing the option for the benefit of the Issuer to enforce the mortgage by way of direct private sale.

Regardless of the choice of enforcement method, the mortgagee is always entitled to reimbursement for necessarily and reasonably incurred expenses associated with the enforcement.

Furthermore, irrespective of the method of enforcement, the mortgagee must always notify the mortgagor in writing of the commencement of mortgage enforcement. In this notice the mortgagee shall specify the method which will be used to enforce the claim. The mortgagee cannot proceed with the enforcement of the mortgage prior to the day falling 30 days from the delivery of such notice, unless such mortgage secures consumer loan for housing purposes, in which case the standstill period extends to six months. Due delivery of the written notice has significant effects on the mortgagor's dispositional rights as the mortgagor may not, from the moment when the mortgagor receives the written notice, dispose of the real property without the mortgagee's consent. Disposition made without such consent might be void; however, a breach of this prohibition does not affect the validity of a purchase agreement entered into in the ordinary course of business, unless the purchaser must have known about the commencement of enforcement.

If the borrower under a Mortgage Loan is declared insolvent and the Issuer duly registers its claim in the insolvency proceedings, the Issuer as a mortgage bank (or as the mortgagee) will qualify as a secured creditor. However, the position of the Issuer as a secured creditor can be challenged in the insolvency proceedings. Following such a challenge filed by an Insolvency Administrator or another creditor, the Issuer would have to file an action with the insolvency court demanding that the receivable arising from the Mortgage Loan be recognised as a secured receivable. Should the Issuer be recognised as a secured creditor, it would be entitled to have its claim satisfied from the borrower's assets that are subject to a first ranking security created in favour of the Issuer at any time after the decision on resolution of the borrower's insolvency by liquidation of the borrower's assets (in Czech, *konkurs*). Secured creditors are, after deduction of costs of administration (up to 4% of liquidation proceeds from the relevant asset) and liquidation (up to 5% of liquidation proceeds from the relevant asset) and remuneration of the Insolvency Administrator, satisfied from the proceeds of the liquidation of that asset in the order in which the legal grounds of their entitlement to such satisfaction from that particular asset arose. The priority of a statutory lien is determined on the basis of the date when it was inscribed into the Czech Real Property Register.

The Mortgage Credit Directive and the Czech Consumer Credit Act

The Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property (the **Mortgage Credit Directive**) has been transposed into Czech law in the Czech Consumer Credit Act, which became effective as of 1 December 2016.

The Czech Consumer Credit Act stipulates that certain information must be provided to each potential customer by a mortgage bank in a form determined by the Czech Consumer Credit Act prior to the execution of the loan agreement. Each loan agreement must be made in writing and must contain all the information required by the Czech Consumer Credit Act. A failure to provide certain information regarding the pricing of the loan can affect the interest rate applicable to the loan. If any of the interest rate, the annual percentage rate of charge (the **APRC**)

or the total amount payable by the customer is not included in the loan agreement, or such information was not provided in writing, the customer shall pay the interest equal to the repo interest rate issued by the CNB as at the date of the respective agreement. The Czech Consumer Credit Act also stipulates that if the interest rate and the total amount payable by the customer included in the loan agreement do not correspond, the provision more favourable to the customer shall apply. If the APRC included in the loan agreement is calculated incorrectly and the correct APRC is higher, the interest rate applicable to the loan shall be lowered to correspond to the APRC included in the loan agreement.

The Czech Consumer Credit Act stipulates that customers are entitled to fully or partially prepay a consumer loan (including a mortgage loan) at any time before its due date. The customer can be charged only the costs reasonably incurred by the mortgage bank in connection with the prepayment. However, the mortgage bank cannot claim the costs it incurred in case of: (a) a prepayment made within three months after the mortgage bank informed the customer of a new interest rate applicable to the loan; or (b) a prepayment made in connection with a death, long-term illness or disability of the customer or his spouse or partner, which materially impaired the customer's ability to repay the loan; or (c) a partial prepayment of no more than 25% of the loan amount, provided that the repayment was made during a month preceding an anniversary of the loan agreement. If the mortgage loan was prepaid in connection with the sale of the asset securing the loan, the mortgage bank can claim the costs not exceeding 1% of the prepaid amount and no more than CZK50,000, provided that the loan agreement was entered into at least 24 months prior to the prepayment date.

The CNB Recommendation

Since August 2021, the CNB Act enables the CNB to set binding upper limits on the LTV, debt-to-income (**DTI**) and debt service-to-income (**DSTI**) ratios for all providers of consumer credit secured by residential property in connection with the identification of the systemic risks relating to those loans.

Based on macroprudential analyses and the information gathered by the CNB in the course of financial market supervision, the CNB may decide to issue:

(a) provisions of a general nature on setting upper limits on credit ratios, setting the specific values for the upper limits of the LTV, DTI and DSTI ratios; and

(b) recommendations on the management of risks associated with the provision of consumer credit secured by residential property. Until 2021, such recommendation contained a summary of recommended limits for selected credit ratios and a set of other rules, the observance of which constituted prudent behaviour when conditions on the financial market are taken into account. Since 2021, it contains selected conditions related to the provision of mortgage loans, which are not regulated by the CNB Act and specified by the provision of a general nature, e.g. maximum maturity, acceptable methods of principal repayment, increasing the principal of an existing mortgage loan.

The currently set upper limit for LTV ratio announced in the provision of a general nature of 29 November 2023 (the **Provision of General Nature**) and applicable as of 30 November 2023 is as follows:[27]

(a) maximum LTV: 80% (90% for applicants under the age of 36).

The providers of consumer loans secured by a residential property may generally exercise an exception stipulated by the CNB Act (the **Statutory Exemption**), under which they may provide, in a particular calendar quarter, consumer loans secured by residential property not meeting the LTV ratio prescribed by the Provision of General Nature, provided that (i) the volume of such provided loans does not exceed 5% of the total amount of consumer loans secured by residential property provided in the previous calendar quarter; (ii) such loans are duly recorded as not meeting the LTV ratio prescribed by the Provision of General Nature; and (iii) their provision is duly justified in terms of securing the return of such loans.

On 29 November 2023, the CNB published an updated non-binding recommendation regarding the retail mortgage risk management (the **Recommendation 11/2023**), which replaced the previous recommendation published on 19 June 2023, in order to, among other things, strengthen the effectiveness of the Provision of General Nature and to define the parameters of some lending conditions and credit standards that the CNB considers prudential and material from the financial stability point of view.

[27] CNB's requirements for LTV, DSTI and DTI limits available at: https://www.cnb.cz/en/financial-stability/macroprudential-policy/requirements-for-ltv-dsti-and-dti-limits/.

Under the Recommendation 11/2023, prudence should be exercised when assessing consumer credit applications of consumers whose LTV ratio would exceed the upper limit set in the Provision of General Nature and would thus be provided under the Statutory Exemption.

The previous provision of a general nature applicable as of 2 June 2023, contained in addition the maximum DTI set upper limit for credit ratios as 8.5 (9.5 for applicants under the age of 36), which is no longer in force with effect from 1 January 2024.

As of the date of this Base Prospectus, the Issuer complies with the Recommendation 11/2023.

General Conditions of the Market

Main Competitors

More than a dozen banks currently operate on the mortgage market in the Czech Republic. The main mortgage lenders, in addition to the Issuer, are Česká spořitelna, a.s., Československá obchodní banka, a.s., Raiffeisenbank a.s., UniCredit Bank Czech Republic and Slovakia, a.s., Hypoteční banka, a.s. and MONETA Money Bank, a.s.

Housing market

According to a 2021 census, there were about 4.48 million occupied dwellings (5.34 million dwellings in total in 2021) in the Czech Republic.

The number of houses has overall increased by approximately 375,000 since 2011. The following table illustrates the structure of the housing stock in terms of tenure status according to the 2021 census:

Rental housing:	20% (22% in 2011)
Co-operative sector:	3% (9% in 2011)
Owner-occupied housing:	61% (56% in 2011)
Owner-occupied housing (own house / private ownership):	61% (56% in 2011)
Other free use of dwelling:	6% (4% in 2011)
Other:	3% (1% in 2011)
Not identified:	7% (8% in 2011)

Real Property under the Czech Civil Code

The Czech Civil Code effective as of 1 January 2014 introduced a different legal concept of real property in the Czech Republic, which has also certain implications for existing mortgages.

The Czech Civil Code has reintroduced the *superficies solo cedit* principle into Czech private law. In accordance with this principle, a building is considered as part of a plot of land upon which it is erected. Consequently, the building on its own is not capable of being sold or mortgaged. This might raise the question of whether a mortgage over a plot of land entered into prior to 1 January 2014 automatically extends to the building erected on such a plot of land (and *vice versa*) on the day on which the Czech Civil Code became effective. The Czech Civil Code provides certain exceptions to the *superficies solo cedit* principle, including (without limitation) the situation in which either a plot of land or a building erected on it is mortgaged in favour of a third party and the nature of this mortgage is irreconcilable with the plot of land and the building being legally treated as one legal object. As a result, in most situations where a plot of land or a building is subject to a mortgage, the plot of land and building will continue to exist as separate legal objects and an encumbrance weighting on one of these assets will not extend to the other.

Secondly, the Czech Civil Code established a pre-emption right over buildings in favour of owners of the underlying land and *vice versa*, provided that the relevant plot of land and the relevant building are not treated as a single legal object. The statutory pre-emption right must be respected in case of any disposal with the respective building or land. Therefore, if a mortgagee wishes to sell Mortgaged Property encumbered by such a pre-emption right, the building or plot of land should, in the first instance, be offered to the beneficiary of the pre-emption right. Even if not exercised, the pre-emption right survives the sale of the real property and continues to exist.

State Housing Assistance Programmes

The state of the Czech Republic is no longer acting as an active investor on the housing market and does not own housing stock. However, at the same time, it respects the particularities of the housing market, which necessitate a certain degree of state intervention. Financial intervention by the state is concentrated into several basic areas such as promoting the construction of rental housing and technical infrastructure, support for the repair of housing stock and the provision of state loans for repairs, modernisation and expansion of the housing stock. The implementation of the above-mentioned support for housing is carried out primarily through the Ministry for Regional Development and the State Investment Support Fund (in Czech, *Státní fond podpory investic*).

The following programmes for the support of housing and for the repair of housing stock are in effect as of the date of this Base Prospectus:

Support in the area of housing financed by the Ministry for Regional Development:

- Support for housing in areas with strategic industrial zones which aims to support the development of rental housing in the areas affected by rapid growth of job opportunities by increasing the number of rental dwellings for permanent housing.

Support in the area of housing financed by the State Investment Support Fund:

- Loans for the purpose of construction and creation of social and affordable apartments and social, affordable and combined houses (available to legal persons only).

- Aid for the revitalization of areas with old construction burden (brownfields) financed from the EU's Recovery and Resilience Facility.

- Aid and loans for the revitalization of areas with old construction burden (brownfields) for non-economic use.

- Loans for the purpose of repairs and modernization of residential buildings comprised of at least four apartments called "Panel 2013+".

- Loans for the purpose of modernization and reconstruction of residential buildings which aims to increase their energy-efficiency and related performance.

- Aid related to natural disasters – low-interest loans and grants for amelioration of the consequences of natural disasters called "Živel".

Additionally, there are also subsidies in place financed by the Ministry of the Environment through the programme "Nová zelená úsporám" (New Green for Savings), a grant programme funded by the sale of emission allowances for the support of renewable resources and for energy saving. In September 2023, the Ministry of the Environment, in cooperation with the State Investment Support Fund, launched a motivational subsidy program for Czech households, which is intended to increase the pace of renovation of energy-deficient family houses and to help renew the existing housing stock. The subsidy is financed from the Modernization Fund and a total of CZK 55 billion is prepared for subsidies from the New Green for Savings programme.

The Business Strategy of the Issuer

In connection with the continuing economic growth development in the Czech Republic, overall expansion of mortgage market and increasing needs of funding of housing, the Issuer expects that there should be strong preconditions for its business activities in the field of mortgage banking. The Issuer's strategy is to provide mortgage loans within a complete portfolio of products.

Types of Mortgages Provided

The Issuer provides two different types of mortgages: (i) a mortgage loan (the **Classic Mortgage**); and (ii) a home equity loan/secured loan (the **American Mortgage**). Furthermore, the Issuer provides a pre-mortgage loan.

The main difference between a Classic Mortgage and an American Mortgage is the possibility of using the proceeds raised therefrom. Proceeds raised from the Classic Mortgage can only be used for housing-related purposes, typically to buy a house or an apartment, renovate a home or build a new house, in which case the purpose restriction does not necessarily apply). Proceeds raised from the American Mortgage can be used for any purpose.

The Classic Mortgage, given its limited purposes, generally offers a lower interest rate than the American Mortgage, and in turn the American Mortgage generally offers a lower interest rate than other personal loans that are not secured by real estate.

The Classic Mortgage is provided for up to 90% LTV with a maturity of up to 30 years. The American Mortgage is provided for up to 70% LTV with a maturity of up to 20 years.

Lending Business Rules

The Issuer has a set of rules that governs the policy of credit exposure and the activities of individual departments in the Issuer's management. At the same time procedures, which determine the implementation of the individual operations throughout the entire lending process, have been approved. In the organisational structure of the Issuer, the actual trading activities are strictly separated from the activities for the credit approval and lending processes as well as from the activities for risk monitoring processes of the Issuer in order to reduce the credit risk.

Credit Risk Management Tools

The Issuer's client credit risk is managed on the basis of comprehensively assessing clients' risk profiles from quantitative (financial) and qualitative viewpoints using advanced scoring and rating models along with individual approval by competent risk or business managers. The system of approval authorities is set up to reflect the risk profiles of the counterparties and the levels of competencies required for their assessment.

No credit exposure can be originated until internal credit limits for the client and transaction have been duly established first. The Issuer has a strong monitoring process for clients financed and exposures granted that allows for triggering corrective actions in case deterioration is evidenced. All Issuer's scoring, rating, and Basel models are back-tested at least annually and adjusted whenever needed.

The Issuer uses an automated system for detecting credit frauds and for co-ordinated reactions to credit fraud attacks. The system is fully integrated into the Issuer's main applications. Anti-fraud tools and processes are continuously adjusted according to the market situation.

The Issuer allocates its receivables arising from financial activities into three categories (Stages 1, 2, and 3) in accordance with the IFRS 9 standard. Stages 1 and 2 represent non-default (performing) while Stage 3 comprises default (non-performing) receivables. The staging reflects both quantitative criteria (payment discipline, financial data) and qualitative criteria (e.g. in-depth client knowledge). The staging of individuals also reflects the default sharing principle for co-debtors and guarantors of defaulted receivables in accordance with the CRR III principles.

Due to its expected growing dependency on models, the Issuer established a local expert team (model risk management) to focus on model risk. It provides not only mandated regulatory review of Basel models but also a control mechanism for the Issuer's scoring and granting models. With the growing automation, the team will provide support and control for all kinds of the Issuer's models.

The Issuer closely monitors changes in the legal environment, analyses their impacts in the area of receivables collection, and ensures their proper reflection in the Issuer's processes. The Issuer continued in optimising its recovery capacity and performance by using external capacities as well as regular auction sales of unsecured and secured retail portfolios to selected qualified investors.

Securing of Loans

The Issuer uses collateralisation as one of its techniques for mitigating credit risk. The risk management related to collateralisation is performed by departments within the risk management arm independently of the Issuer's business lines.

In broad terms, the Issuer accepts not only residential flats, completed buildings (approved for use) and lands, but also residential buildings or properties under construction as the collateral. Buildings can be located on the land of the mortgagor or on the land belonging to a third party. A collateral over a building on land belonging to a third party might be accepted by the Issuer, but only if the client submits an agreement for a future contract for the relevant land containing conditions for sale of land that are satisfactory for the Issuer.

The Mortgaged Property, which the Issuer accepts, is valued in accordance with the Issuer's own methodology.

Valuation of Properties

The Issuer ascertains the Mortgaged Property Value in accordance with applicable law. The valuation and monitoring of real estate collaterals accepted by the Issuer as security for mortgage loan exposures are delegated to a dedicated independent unit. This unit is a part of the risk management arm and co-operates with a broad group of external valuation experts. The methods used in defining values and discounts take into account all relevant risks, the expected cost of collateral sale, length of sales process, historical experience of the Group, as well bankruptcy/insolvency rules, and other applicable law.

The Issuer continuously monitors residential real estate markets and regularly re-values the real estate collaterals. The Issuer uses statistical monitoring of residential real estate market developments and applies an adjustment for pertinent residential real estate appraised values if residential real estate market values significantly decrease in relevant regions and periods.

The Issuer has been using its own statistical real estate collateral valuation model for a part of the low-risk production of mortgages as one of the steps in digitalising the mortgage loan granting process.

The Issuer uses an online connection to the Czech Real Property Register for reviewing and acquiring data on pledged real estates in granting mortgages or other loans secured by real estate and for regular monitoring of selected events that may put the Issuer's pledge right to real estate at risk.

Contractual Arrangements of the Loan Relationship

Conditions for granting, utilisation and repayment of the loan between the Issuer and the clients are regulated in bilateral credit agreements, loan contracts or similar contracts constituting a mortgage loan. The essential preconditions for the utilisation of the loan are the creation or application for registration of a mortgage over the real property, insurance on the real property and the contractual restriction of transferability of the real property. A loan for construction, reconstruction, modernisation or repair is utilised gradually, depending on the progress of the work and increase in the value of the newly constructed real propery which are used as collateral. Mortgage loans which are extended to purchase real properties, refinance the existing loans or credits or settle the ownership of the real property would typically be drawn by the borrower in a single lump-sum.

The interest rate in the contract for the provision of the mortgage loan is agreed as fixed, with a set duration, which, in accordance with the client's choice, can be established from one to five years (formerly even for seven, ten or fifteen years). Before the expiration of this stipulated period the Issuer will notify the client about the new interest rate (based on price developments in the financial markets). If the client does not agree with the change in the interest rate, the loan may be accelerated on the date of the expiration of the current interest period, unless the parties agree otherwise. The client is obliged to repay the mortgage loan in the form of monthly annuity payments. The Issuer has the right to collect payments from a client's current account, which is established for this purpose.

The client is entitled to the early repayment of the loan. In such case the Issuer is entitled to compensations for the costs actually incurred in connection with the early repayment up to the limit pursuant to the Czech Consumer Credit Act (see *Mortgage Loans and their Regulatory Framework – The Mortgage Credit Directive and the Czech Consumer Credit Act*).

The Issuer, in accordance with the contract for the mortgage loan, may also charge the client, in addition to the interest on the loan, also the interest on arrears, up to the interest rate stipulated in the loan contract plus an amount in accordance with the applicable tariff (in each case, subject to limits of applicable laws). In accordance with the loan contract, the Issuer may take additional measures to protect its interests, especially to restrict or terminate the utilisation of the loan, increase the interest rate on the loan or require its early repayment.

TAXATION

THE TAX LEGISLATION OF THE MEMBER STATE OF THE PROSPECTIVE PURCHASERS OF MORTGAGE COVERED BONDS AND THE ISSUER'S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE MORTGAGE COVERED BONDS. PROSPECTIVE PURCHASERS OF MORTGAGE COVERED BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF MORTGAGE COVERED BONDS, 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 MORTGAGE COVERED BONDS.

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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds (together with relevant evidence thereof) which would enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that it meets all conditions for any applicable Tax Relief to be granted (the **Beneficial Ownership Information**).

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg which are designed to facilitate collection of the Beneficial Ownership Information are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time, or as modified or updated by the respective ICSD as part of implementing or operating such procedures (the **Certification Procedures**). Mortgage Covered Bondholders 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 Mortgage Covered Bonds 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 and www.clearstream.com) and on the website of the International Capital Market Services Association (www.icmsa.org). None of the Issuer, the Arranger, the Paying Agents, the Registrars 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 set out below, in person or by first class mail or (if posted from an address overseas) by airmail and marked for the attention of:

Komerční banka, a.s.
Issuer Services - 2192
namesti Junkovych 2772/1
15500 Praha 5 - Stodulky
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 Mortgage Covered Bonds, 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 specified in the Final Terms 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 Principal Paying Agent are not engaged in the Standard Refund Procedure.

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

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

Taxation in the Czech Republic

The following is a general discussion of certain Czech tax consequences of the acquisition, ownership and disposition of Mortgage Covered Bonds. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Mortgage Covered Bonds. As each Tranche of Mortgage Covered Bonds may be subject to a different tax treatment due to the specific terms of such Tranche of Mortgage Covered Bonds as set out in the respective Final Terms, the following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Czech Republic currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. The information contained within this section are limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Mortgage Covered Bonds.

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Mortgage Covered Bonds in the Czech Republic. The summary is mainly based on the Act No. 586/1992 Coll., on Income Taxes, as amended (**Income Taxes Act**), and on other related laws which are effective as at the date of this Base Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Base Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or pension funds) and may change in the future depending on changes in the relevant laws that may occur*

*after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Mortgage Covered Bonds 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 bonds 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 bonds (including the Mortgage Covered Bonds) 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 bonds.*

The following summary assumes that any person to whom any income from, or in connection, with the Mortgage Covered Bonds is paid is a Beneficial Owner of such income (as defined below), i.e. person who does not act as a proxy, agent, depositary or in any other similar capacity on behalf of another person or entity who would ultimately benefit from such income. The description of taxation of different categories of Beneficial Owners (e.g. Czech Tax Residents) further assumes that each Beneficial Owner has duly submitted a correct, complete and accurate Beneficial Ownership Information (as defined below) and that the Issuer has received such information in accordance with the Certification Procedures (as defined below). In other words, it is assumed that the Issuer, in its capacity as a Withholding Agent (as defined below), has all required information that enables it to duly categorize and assess the tax status of each Beneficial Owner, including any Tax Relief (as defined below) that they may be eligible for.

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

Beneficial Owner means a holder of a Mortgage Covered Bond 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 or in connection with such Mortgage Covered Bond 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).

Coupon means any bond yield other than a bond yield that is determined by reference to the difference between the nominal value of a bond 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 Mortgage Covered Bond means a mortgage covered bond that has the issue price equal to its nominal value. For the avoidance of doubt, the Coupon Mortgage Covered Bond is not a mortgage covered bond with a yield that is determined by reference to the combination of the Discount and the Coupon.

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.

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 mortgage covered bond and its lower issue price.

Discounted Mortgage Covered Bond means a mortgage covered bond that has the issue price lower than the nominal value. For the avoidance of doubt, the Discounted Mortgage Covered Bond is also a mortgage covered bond 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 mortgage covered bond.

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

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

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

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

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

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

Interest Income

Czech Tax Residents

(a) Individuals

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

The yield in the form of the Discount paid to an individual is not subject to the Withholding tax or Tax Security. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Mortgage Covered Bond paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Mortgage Covered Bond. If an individual holds the Mortgage Covered Bond, which is the Coupon Mortgage Covered Bond, until its maturity (or early redemption) and this individual acquired such Mortgage Covered Bond on a secondary market at an amount below the nominal value of the Mortgage Covered Bond (or below other amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, 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 21%. 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 Mortgage Covered Bond (whether in the form of the Discount or the Coupon) paid to a Qualifying Czech Tax Non-Resident (whether an individual or a Legal Entity) is exempt from Czech taxation.

Non-Qualifying Czech Tax Non-Residents

(a) Individuals

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

The yield in the form of the Discount paid to an individual is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Mortgage Covered Bond paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Mortgage Covered Bond. However, if the Mortgage Covered Bonds are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1% applicable to a gross amount paid (i.e. the nominal value of the Mortgage Covered Bond upon the maturity or the amount paid by the Issuer upon an early redemption of the Mortgage Covered Bond, 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 Mortgage Covered Bond, which is the Coupon Mortgage Covered Bond, until its maturity (or its early redemption), (ii) this individual acquired such Mortgage Covered Bond on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, but excluding the Early Redemption Premium, if any) and (iii) such Mortgage Covered Bond 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 Mortgage Covered Bond is not attributable to its Czech Permanent Establishment, is subject to the Withholding Tax at a rate of 15% or 35%. The 35% rate applies to recipients, which are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double tax treaty or an effective double (or multilateral) treaty on the exchange of information. The 15% rate applies to all other recipients. This tax generally represents final taxation of the Coupon in the Czech Republic. However, the Legal Entity who is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of the Coupon paid to a Legal Entity, where the Mortgage Covered Bond 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 21%. Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10% applicable to the amount of the Coupon (on a gross basis). This Tax

Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

The yield in the form of the Discount paid to the Legal Entity is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 21%. However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Mortgage Covered Bond paid by the Issuer (or the amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, but excluding the Early Redemption Premium) and the price at which the Legal Entity acquired the Mortgage Covered Bond. However, if the Mortgage Covered Bonds are not attributable to Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1% applicable to gross amount (i.e. the nominal value of the Mortgage Covered Bond at maturity or the amount paid by the Issuer upon an early redemption of the Mortgage Covered Bond, 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 Mortgage Covered Bond, which is the Coupon Mortgage Covered Bond, until its maturity (or its early redemption), (ii) this Legal Entity acquired such Mortgage Covered Bond on a secondary market for an amount below the nominal value of the Mortgage Covered Bond (or below the amount paid by the Issuer upon early redemption of the Mortgage Covered Bond, but excluding the Early Redemption Premium) and (iii) such Mortgage Covered Bond 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds) does not exceed the amount of CZK 100,000, or

- such gains are derived from the sales of the Mortgage Covered Bonds which the individual has held for more than three years prior to their sale (however, income from a future sale of the Mortgage Covered Bonds where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total amount of CZK 40,000,000 of annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Mortgage Covered Bonds) and the participations in companies.

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

Taxable gains from the sale of the Mortgage Covered Bonds realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds is not tax-exempt.

(b) Legal Entities

Capital gains from the sale of the Mortgage Covered Bonds are included in the general tax base, which is subject to corporate income tax at a rate of 21%. Losses from the sale of the Mortgage Covered Bonds realised by Legal Entities are generally tax deductible.

Czech Tax Non-residents

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

- the Mortgage Covered Bonds are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling these Mortgage Covered Bonds, or

- the Mortgage Covered Bonds are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Mortgage Covered Bonds through his/her/its Czech Permanent Establishment.

Therefore, capital gains realised by a Czech Tax Non-Resident where the Mortgage Covered Bonds are sold to another Czech Tax Non-Resident and where such Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds) does not exceed the amount of CZK 100,000, or

- such gains are derived from the sales of the Mortgage Covered Bonds which the individual has held for more than three years prior to their sale (however, income from a future sale of the Mortgage Covered Bonds where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total amount of CZK 40,000,000 of annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Mortgage Covered Bonds) and the participations in companies.

If the Mortgage Covered Bonds formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Mortgage Covered Bonds 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 Mortgage Covered Bonds realised by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15% and 23% depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds is not tax-exempt.

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

- a Czech Tax Resident, or

- a Czech Tax Non-Resident and the acquired Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds, which are subject to Czech taxation (as discussed above), are included in the general tax base, which is subject to corporate income tax at a rate of 21%. Losses from the sale of the Mortgage Covered Bonds 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 Mortgage Covered Bonds are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting to 1% of the gross purchase price. The buyer will be acting as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or

- a Czech Tax Non-Resident and the acquired Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds (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 Mortgage Covered Bonds if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15% of a gross amount of the unreported income.

Value Added Tax

There is no Czech value added tax payable in respect of the payment of interest or principal under the Mortgage Covered Bonds, or in respect of the transfer of the Mortgage Covered Bonds.

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 Mortgage Covered Bonds.

SUBSCRIPTION AND SALE

The Dealers have, in the Programme Agreement dated 3 October 2025 (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Mortgage Covered Bonds. Any such further agreement will, *inter alia*, make provision for the conditions of the relevant Mortgage Covered Bonds, the price at which such Mortgage Covered Bonds will be subscribed by the Dealers and the commissions or other agreed deductions (if any) payable by the Issuer in respect of such purchases.

In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Mortgage Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Mortgage Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Mortgage Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the **Code**) and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules (including any successor regulations or rules in substantially the same form as the TEFRA C rules or TEFRA D rules, as applicable, for the purposes of Section 4701 of the Code) apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Mortgage Covered Bonds (a) as part of its distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Mortgage Covered Bonds of the Tranche of which such Mortgage Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Mortgage Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Mortgage Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Mortgage Covered Bonds, an offer or sale of such Mortgage Covered Bonds 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.

European Economic Area

In relation to each Member State of the EEA, 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 Mortgage Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may, make an offer of such Mortgage Covered Bonds to the public in that Member State:

(a) if the Final Terms in relation to the Mortgage Covered Bonds specify that an offer of those Mortgage Covered Bonds may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a **Non-exempt Offer**), following the date of publication of a base prospectus in relation to such Mortgage Covered Bonds, which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such base prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in

the period beginning and ending on the dates specified in such base prospectus or 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 any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) 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

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Mortgage Covered Bonds referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a base prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a base prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Mortgage Covered Bonds to the public** in relation to any Mortgage Covered Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Mortgage Covered Bonds.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Mortgage Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the 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 **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Mortgage Covered Bonds.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Mortgage Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in

point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Mortgage Covered Bonds.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed that:

(a) *No deposit-taking*: in relation to any Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds 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 Mortgage Covered Bonds in circumstances in which section 21(1) of the FSMA does not, or, in the case of the Issuer would not, if it was not an authorised person, 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 Mortgage Covered Bonds in, *from* or otherwise involving the UK.

Italy

The offering of the Mortgage Covered Bonds has not been registered with the *Commissione Nazionale per la Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation. Accordingly, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell or deliver, directly or indirectly, any Mortgage Covered Bond or distribute copies of this Base Prospectus or of any other document relating to the Mortgage Covered Bonds in the Republic of Italy except:

(d) pursuant to the Prospectus Regulation, to qualified investors (*investitori qualificati*), as defined under Article 35, paragraph 1, letter d) of CONSOB regulation No. 20307 of 15 February, 2018, as amended (**Regulation No. 20307**), pursuant to Article 34-*ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended (**Regulation No. 11971**); or

(e) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1, paragraph 4, of the Prospectus Regulation and Article 100 of Legislative Decree of February 24, 1998, No. 58, as amended (the **Italian Financial Act**) and their implementing CONSOB regulations including Regulation No. 11971.

Any such offer, sale or delivery of the Mortgage Covered Bonds or distribution of copies of the Base Prospectus or any other document relating to the Mortgage Covered Bonds in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and:

(f) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 20307, Legislative Decree No. 385 of September 1, 1993 as amended (the **Banking Act**") and any other applicable laws or regulation;

(g) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and

(h) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the Mortgage Covered Bonds is solely responsible for ensuring that any offer, sale, delivery or resale of the Mortgage Covered Bonds by such investor occurs in compliance with applicable Italian laws and regulations.

Japan

The Mortgage Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Mortgage Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold the Mortgage Covered Bonds or caused the Mortgage Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell the Mortgage Covered Bonds or cause the Mortgage Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Mortgage Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Mortgage Covered Bonds (except for the Mortgage Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the **SFO**) other than:

  (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or

  (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Mortgage Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Mortgage Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Mortgage Covered Bonds described herein. The Mortgage Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the **FinSA**) and no application has or will be made to admit the Mortgage Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Covered Bonds constitutes a Prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Canada

The Mortgage Covered Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Mortgage Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities laws in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities laws of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities laws of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Mortgage Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Mortgage Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Mortgage Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The update of the Programme has been duly authorised by resolution of the Board of Directors of the Issuer dated 28 July 2025.

Approval of the Base Prospectus, Listing and Admission to Trading of Mortgage Covered Bonds

Application has been made to the CSSF to approve this document as a base prospectus in accordance with the Prospectus Regulation. Application may be made to the Luxembourg Stock Exchange for Mortgage Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, respectively.

Mortgage Covered Bonds which are unlisted or to be listed or admitted to trading, as the case may be, on another stock exchange or market may be issued under this Programme but only, in the case of Mortgage Covered Bonds listed or admitted to trading on another stock exchange or market, if the Issuer ensures that all laws and regulations are complied with including, among others, any applicable requirements for notifications of competent authorities and other requirements set out in the Prospectus Regulation.

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

The Mortgage Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Mortgage Covered Bond will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Mortgage Covered Bond will be EUR100,000 (or, if the Mortgage Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and, in the case of documents listed under paragraphs (a), (b) and (d) also on the Issuer's website www.kb.cz in the relevant section as indicated below, where they will remain publicly available in electronic form for at least ten years after their publication on the relevant websites:

(a) the Founding Deed and Articles of Association of the Issuer (with an English translation thereof) in the section "*About bank, For investors, Shareholder, shares and dividends, Shareholders and Articles of Association*";

(b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2024 and 31 December 2023 (drawn up in English or with an English translation thereof), in each case together with the audit reports prepared in connection therewith in the section "*About bank, For investors, Annual and half-yearly reports*"; The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;

(c) the Programme Agreement, the Agency Agreement and the Asset Monitor Agreement;

(d) a copy of this Base Prospectus in the section "*About bank, Obligatory published information, Information on securities*"; and

(e) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Mortgage Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Mortgage Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Mortgage Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg.

Conditions for Determining Price

The price and amount of Mortgage Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

No Significant or Material Adverse Change

There has been no significant change in the financial performance since 30 June 2025 or the financial position of the Issuer or the Group since 30 June 2025. There has been no material adverse change in the prospects of the Issuer since 31 December 2024.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had in such a period a significant effect on the financial position or profitability of the Issuer or the Group.

Material Contracts

The Issuer has not entered into any contracts (excluding contracts entered into in the ordinary course of business) which are, or may be, material or which contain a provision under which the Issuer or another member of the Group has an obligation or entitlement which is material to the Issuer's ability to meet its obligations to security holders in respect of securities to be issued under the Programme.

Auditors

The auditors of the Issuer were previously Deloitte Audit s.r.o. (the **Previous Auditor**), members of the Chamber of Auditors of the Czech Republic, registration number 79, who have audited the Issuer's consolidated financial statements, without qualification, in accordance with International Standards on Auditing as at and for the financial year ended on 31 December 2023.

The statutory auditor responsible for the audit of the Issuer's accounts as of and for the financial year ended 31 December 2023 is Mr. David Batal, registration number 2147.

Since 1 January 2024, the independent auditors of the Issuer are KPMG Česká republika Audit, s.r.o. (the **Current Auditor**), members of the Chamber of Auditors of the Czech Republic, registration number 71, who have audited the Issuer's consolidated financial statements, without qualification, in accordance with International Standards on Auditing as of and for the financial year ended 31 December 2024.

The statutory auditor responsible for the audit of the Issuer's accounts as of and for the financial year ended 31 December 2024 is Mr. Ondřej Fikrle, registration number 2525.

The reason for the change of the auditors of the Issuer is of formal nature, where the Issuer changes its auditors on a regular basis. The Issuer states that neither the Previous Auditor, the Current Auditor nor any of their members have any significant interest in the Issuer. In connection with this statement, the Issuer especially took into account the Previous Auditor's and the Current Auditor's potential ownership of securities issued by the Issuer, the Previous Auditor's and the Current Auditor's potential prior participation in any governing bodies of

the Issuer, and/or the Previous Auditor's and the Current Auditor's potential affiliation with other entities involved in the Issue. The reports of the auditors of the Issuer are included or incorporated in this Base Prospectus with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

To the maximum extent permitted by law, the Previous Auditor disclaims and excludes all liability to any third party for any loss, damage, cost or expense incurred in connection with any access to, reliance on, or use of his audit report, any other report, or this Base Prospectus.

Post-issuance Information

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations and except for the post-issuance information provided with respect to the issuance of Sustainable Mortgage Covered Bonds (please see section *Use of Proceeds* for more detail).

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