

## **MIFID PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL INVESTORS ONLY TARGET MARKET**

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

# Slovenská sporiteľňa, a.s.

## EUR 80,000,000 Undated Fixed to Fixed Resettable Additional Tier 1 Notes

### TERMS AND CONDITIONS OF THE NOTES

ISIN: AT0000A2UFJ4

#### § 1

#### CURRENCY, ISSUE DATE, DENOMINATION, ISSUE PRICE, FORM, CERTAIN DEFINITIONS

(1) *Currency, Issue Date, Denomination, Issue Price.* These subordinated notes (the "**Notes**") are being issued by Slovenská sporiteľňa, a.s. (the "**Issuer**") on 30 November 2021 in Euro ("**EUR**" or the "**Specified Currency**") in the aggregate principal amount of EUR 80,000,000 (in words: Euro eighty million) in the denomination of EUR 5,000,000 (in words: Euro five million) (the "**Original Principal Amount**"). The Notes are issued at an issue price of 100.00 per cent. of the Original Principal Amount per Note.

(2) *Form.* The Notes are being issued in bearer form.

(3) *Global Note.* The Notes are represented by a global note (the "**Global Note**") without coupons; the claim for distribution payments under the Notes is represented by the Global Note. The Global Note shall be signed by or on behalf of the Issuer. Definitive Notes and coupons will not be issued, and the Holders (as defined in § 1 (6)) have no right to require the printing and delivery of definitive Notes and/or coupons.

(4) *Clearing System.* The Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means OeKB CSD GmbH, Strauchgasse 1-3, A-1010 Vienna, Austria ("**OeKB CSD**"), also for Clearstream Banking, S.A., Luxembourg, 42 Avenue J.F. Kennedy, LU-1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**") as account holders in OeKB CSD and any successor in such capacity.

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

(6) *Certain Definitions.*

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines and decisions of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer and/or the Issuer's Group from time to time, including but not limited to the provisions of the Slovak Banking Act, the Slovak Resolution Act, the BRRD, the SRM Regulation, the CRD, the CRR, the CDR and the SSM Regulation, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer and the Issuer's Group at the relevant time.

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

"**BRRD**" means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (*Bank Recovery and Resolution Directive*), as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"Business Day"** means a day (other than a Saturday or a Sunday) (i) on which the Clearing System is open to effect payments; and (ii) which is a TARGET Business Day.

**"CDR"** means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 (*Capital Delegated Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CDR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"CET 1 Instruments"** means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital (or other) instruments that qualify as Common Equity Tier 1 items pursuant to transitional provisions under the CRR.

**"Competent Authority"** means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSM Regulation, in each case, which is responsible to supervise the Issuer on an individual basis and/or the Issuer's Group on a consolidated basis.

**"CRD"** means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Directive*), as amended or replaced from time to time, and any references to relevant provisions of the CRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"CRR"** means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"Current Principal Amount"** means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-down (as defined in § 5 (8)) and, subsequent to any such reduction, may be increased by a Write-up (as defined in § 5 (9)), if any (up to the Original Principal Amount).

**"Custodian"** means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

**"Issuer's Group"** means the Issuer and its consolidated Subsidiaries.

**"Resolution Authority"** means the authority pursuant to Article 4(1)(130) CRR which is responsible for a resolution of the Issuer and which reference shall include the Single Resolution Board.

**"Slovak Banking Act"** means Slovak Act No. 483/2001 Coll. on banks, as amended or replaced from time to time, and any references to relevant provisions of the Slovak Banking Act in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"Slovak Resolution Act"** means Slovak Act No. 371/2014 Coll. on resolution of crisis situation in financial market as amended or replaced from time to time, and any references to relevant provisions of the Slovak Resolution Act in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"SRM Regulation"** means the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 (*Single Resolution Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SRM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"SSM Regulation"** means the Council Regulation (EU) No 1024/2013 of 15 October 2013 (*Single Supervisory Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SSM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"Subsidiary"** means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET2) or its successor is operating.

"**Terms and Conditions**" means these terms and conditions of the Notes.

"**Tier 1 Instruments**" means (i) AT 1 Instruments; (ii) CET 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments.

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

"**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## § 2 STATUS

(1) *Ranking.* The Notes shall constitute direct, unsecured and subordinated obligations (in Slovak: *priame, nezabezpečené, podriadené*) of the Issuer and shall qualify as AT 1 Instruments.

The Notes constitute a perpetual financial instrument without obligation to redeem (in Slovak: *trvalý finančný nástroj bez povinnosti jeho vyrovnania*) within the meaning of Section 180a(4) of the Act No. 7/2005 Coll. on bankruptcy and restructuring, as amended (hereinafter the "**Slovak Bankruptcy Act**") and these Terms and Conditions contain Write-down provisions reducing the Current Principal Amount (as defined in § 1 (6)) of each Note by the relevant Write-down Amount if a Trigger Event has occurred (all as defined below and in line with Section 180a(4) of the Slovak Bankruptcy Act which anticipates that the Terms and Conditions refer to a circumstance permanently or temporarily reducing the value of a certificate (in Slovak: *skutočnosť, ktorá trvalo alebo dočasne znižuje hodnotu cenného papiera*). Therefore, in the bankruptcy (in Slovak: *konkurz*) or liquidation (in Slovak: *likvidácia*) of the Issuer:

- (a) the receivables of the Holders under the Notes will be satisfied in accordance with Section 180a(4) of the Slovak Bankruptcy Act, i.e. only after the satisfaction of all other present or future receivables of the creditors of the Issuer (other than receivables under any other AT 1 Instruments), including non-secured receivables (in Slovak: *nezabezpečené pohľadávky*), subordinated receivables (in Slovak: *podriadené pohľadávky*) and receivables under any Tier 2 Instruments; and
- (b) the obligations of the Issuer under the Notes will rank *pari passu* among themselves and with all present and future obligations under any other AT 1 Instruments.

Obligations of the Issuer under the Notes will rank junior to all present or future instruments or obligations of the Issuer that do not result from own funds items of the Issuer.

The Holders have no right to demand repayment of the nominal amount of the Notes. The rights of the Holders to redemption of the Notes are at any time limited to a claim up to the amount of the Current Principal Amount, in accordance with these Terms and Conditions.

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in the liquidation profits in the event of its liquidation.

(2) *Insolvency.* The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets. Therefore, any obligations of the Issuer under the Notes will not contribute to the determination of over-indebtedness (in Slovak: *predĺženie*) in accordance with § 40(6) of the Slovak Banking Act.

(3) *No Set-off or Netting.* The Notes are not subject to any set-off or netting arrangements that would undermine their capacity to absorb losses. Any claims of the Holders under or in connection with the Notes cannot be set off with or against claims of the Issuer and any such set-off right (whether of the Issuer, Holder or any successor) is expressly excluded.

(4) *No Security/Guarantee; No Enhancement of Seniority.* The Notes are neither secured, nor subject to any guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

(5) *Note on the possibility of statutory resolution measures.* Prior to any insolvency proceedings (in Slovak: *konkurz*) or any liquidation (in Slovak: *likvidácia*) of the Issuer, under the Applicable Supervisory Regulations, the competent resolution authority may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer (if such conversion is possible under applicable law of the Slovak Republic at the time of the resolution), in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.

### § 3 DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Notes shall bear distributions on their Current Principal Amount (as defined in § 1 (6)) from and including 30 November 2021 (the "**Distribution Commencement Date**") to but excluding 30 November 2026 (the "**First Reset Date**") at the rate of 4.49 per cent. *per annum* (the "**First Rate of Distributions**") and thereafter from and including each Reset Date to but excluding the next following Reset Date at the relevant Reset Rate (as determined according to § 3 (4)).

Distributions shall be scheduled to be paid semi-annually in arrear on 30 November and 30 May in each year (each such date, a "**Distribution Payment Date**"), commencing on 30 May 2022.

Distributions will fall due subject to the provisions set out in § 3 (6), § 4 (4) and § 5 (8) (a)(v).

(2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid on the Notes is required to be calculated for any period of time, such amount of distributions shall be calculated by the Calculation Agent by applying the prevailing rate of distributions to the Current Principal Amount, multiplying such amount by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

If a Write-down (as defined in § 5 (8)) occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-down Effective Date (as defined in § 5 (8)) are cancelled in accordance with § 3 (6) (c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Write-down Effective Date.

If, pursuant to § 5 (9), the Current Principal Amount of the Notes is subject to a Write-up, during a Distribution Period, the amount of distributions shall be calculated by the Calculation Agent on the basis of the adjusted Current Principal Amount from time to time so that the relevant amount of distributions is determined by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or more (as applicable) consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"**Distribution Period**" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

(3) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (whether or not constituting a Distribution Period, the "**Calculation Period**"), the number of days in the Calculation Period divided by 360, calculated in accordance with the following formula:

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

Where:

"**DCF**" means Day Count Fraction;

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

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

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

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

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

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

(4) *Determination of the Reset Rate.*

(a) *Reset Rate.* The rate of distributions for each Reset Period (each a "**Reset Rate**") will be the Reference Rate (as defined below) plus the Margin (as defined below), subject to a minimum of 0.00 per cent. *per annum*.

The Calculation Agent will determine the relevant Reference Rate in accordance with this § 3 (4) for each Reset Date on the relevant Reset Determination Date.

The "**Reference Rate**" for each Reset Date will be,

- (i) as long as no Benchmark Event (as defined in § 3 (4) (c)(iv)) has occurred,
  - (A) the Original Benchmark Rate on the relevant Reset Determination Date, as determined by the Calculation Agent; or
  - (B) the Reference Bank Rate on the relevant Reset Determination Date if the Screen Page is unavailable or if the Original Benchmark Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, all as determined by the Calculation Agent; or
- (ii) if a Benchmark Event has occurred, determined in accordance with § 3 (4) (c) for each Reset Period commencing on or after the Effective Date (as defined in § 3 (4) (c)(i)).
- (iii) If, in the determination of the Issuer, the determination of the Reference Rate would cause a Regulatory Event or could reasonably be expected to entitle the Issuer to redeem the Notes for regulatory reasons pursuant to § 5 (5) and/or would prejudice the qualification of the Notes as AT 1 Instruments and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of the bank resolution laws applicable to the Issuer from time to time, the Reference Rate applicable to the next and each subsequent Reset Period shall be the Reference Rate determined on the last preceding Reset Determination Date, provided that if this clause (iii) is to be applied on the Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first and each subsequent Reset Period shall be - 0.08 per cent. *per annum*.

"**Original Benchmark Rate**" in respect of any day means the semi-annual mid swap rate (expressed as a percentage) for swap transactions in the Specified Currency with a term of five (5) years, which appears on the Screen Page (as defined below) as of 11:00 a.m. (Bratislava time) on such day determined by its benchmark administrator using the methodology prevailing on the Distribution Commencement Date, all as determined by the Calculation Agent.

"**Reference Bank Rate**" means the rate determined as follows: the Issuer shall request the principal office of each Reference Bank (as defined below) to provide the Calculation Agent with its mid-market swap rate quotation (expressed as a percentage rate) at approximately 11:00 a.m. (Bratislava time) on the relevant Reset Determination Date, where "**mid-market swap rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term of five (5) years and in an

amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is based on the 6-months Euribor (or such other reference rate as is used in accordance with the customary market practice at such time).

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Bank Rate for the relevant Reset Period shall be deemed to be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of such rates eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest), all as determined by the Calculation Agent.

If the Reference Bank Rate cannot be determined in accordance with the foregoing provisions of this definition of the term "Reference Bank Rate", the Reference Bank Rate for the relevant Reset Period shall be equal to the Original Benchmark Rate on the Screen Page on the last day preceding the Reset Determination Date on which such Original Benchmark Rate was displayed.

"**Margin**" means 4.57 per cent. *per annum*.

Where:

"**Reference Banks**" means five leading swap dealers in the interbank market selected by the Issuer.

"**Reset Date**" means the First Reset Date and each fifth anniversary thereof for as long as the Notes remain outstanding.

"**Reset Determination Date**" means the second TARGET Business Day (as defined in § 1 (6)) prior to the relevant Reset Date.

"**Reset Period**" means the period from and including a Reset Date to but excluding the next following Reset Date.

"**Screen Page**" means ISDAFIX2 or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.

(b) *Notification of Reset Rate.* The Calculation Agent will cause the Reset Rate to be notified to the Issuer and to the Holders in accordance with § 10 as soon as possible after its determination.

(c) *New Benchmark Rate.*

(i) *Benchmark Event.* In the event of a Benchmark Event (as defined below),

- (A) the Issuer shall, as soon as this is (in the Issuer's view) required following the occurrence of the Benchmark Event and prior to the next Reset Determination Date, use reasonable endeavours to appoint an Independent Advisor (as defined below) that shall determine in its reasonable discretion (in consultation with the Calculation Agent) a New Benchmark Rate (as defined below) which shall replace the Original Benchmark Rate affected by the Benchmark Event, the Adjustment Spread (in accordance with § 3 (4) (c)(ii) below) and the Benchmark Amendments (in accordance with § 3 (4) (c)(iii) below) (if required); or
- (B) if, prior to the 10<sup>th</sup> Business Day prior to the Effective Date (as defined below), no Independent Advisor is or can be appointed by the Issuer or if an Independent Advisor is appointed by the Issuer, but has not determined a New Benchmark Rate, has not determined the Adjustment Spread and/or has not determined the Benchmark Amendments (if required), then the Issuer shall determine in its reasonable discretion (in consultation with the Calculation Agent) a New Benchmark Rate which shall replace the Original Benchmark Rate affected by the Benchmark Event, the Adjustment Spread and the Benchmark Amendments (if required).

Any New Benchmark Rate, the Adjustment Spread and any Benchmark Amendments shall apply from (and including) the Reset Determination Date selected by the Independent Advisor (in the case of (A) above) or the Issuer (in the case of (B) above) in its reasonable discretion, which shall fall no earlier than the Reset Determination Date falling on or, if it is not a Reset Determination

Date, the Reset Determination Date immediately following the date on which the Benchmark Event becomes effective (the "**Effective Date**").

Notwithstanding the generality of the foregoing, and without prejudice to the definitions of Adjustment Spread, New Benchmark Rate, Substitute Benchmark Rate and Alternative Benchmark Rate below, the Independent Advisor (in the case of (A) above) or the Issuer (in the case of (B) above) shall, when making any determination in accordance with this § 3 (4) (c), take into consideration any Official Substitution Concept, any Industry Solution or any Generally Accepted Market Practice.

- (ii) *Adjustment Spread.* The Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) shall determine in its reasonable discretion the Adjustment Spread (as defined below), and such Adjustment Spread shall be applied to the New Benchmark Rate.
- (iii) *Benchmark Amendments.* If the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) determines in its reasonable discretion a New Benchmark Rate, the Issuer shall also be entitled to make, in its reasonable discretion, such adjustments to the Terms and Conditions relating to the determination of the Original Benchmark Rate (including, without limitation, the Reset Determination Date, the Day Count Fraction, the Business Days, the Business Day Convention in § 4 (4), the relevant time and the relevant Screen Page for obtaining the New Benchmark Rate and the fall back provisions in the event that the relevant Screen Page is not available) which in the opinion of the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) are necessary or expedient to make the substitution of the Original Benchmark Rate by the New Benchmark Rate operative (such amendments, the "**Benchmark Amendments**").
- (iv) Definitions.

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Advisor (in the case of § 3 (4)(c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) determines in its reasonable discretion is required to be applied to the relevant New Benchmark Rate which:

- (A) is formally recommended in relation to the replacement of the Original Benchmark Rate with the New Benchmark Rate by any Official Substitution Concept or, failing which, any Industry Solution or, if there is more than one such formal recommendation, such recommendation as selected by the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) in its reasonable discretion; or
- (B) if no such recommendation has been made, which the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) determines in its reasonable discretion is otherwise recognised or acknowledged as being the industry standard for over-the-counter derivative transactions or customarily applied or is market practice to apply in the international debt capital markets for other bonds which in either case reference the Original Benchmark Rate, where such rate has been replaced by the New Benchmark Rate (or, alternatively, in the international swap markets); or
- (C) if the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i) (B) above) determines that also no such other industry standard is recognised or acknowledged, the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i) (B) above) determines in its reasonable discretion to be appropriate.

"**Alternative Benchmark Rate**" means an alternative benchmark or screen rate which is customarily applied in the international debt capital markets (or, alternatively, the international swap markets) for the purposes of determining reset rates of interest (or the relevant component part thereof) in the Specified Currency, provided that all determinations will be made by the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above).



**"Benchmark Event"** occurs if:

- (1) a public statement or publication of information by or on behalf of the regulatory supervisor of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Benchmark Rate; or
- (2) a public statement or publication of information by or on behalf of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Benchmark Rate; or
- (3) a public statement by the regulatory supervisor of the Original Benchmark Rate administrator is made that, in its view, the Original Benchmark Rate is no longer, or will no longer be, representative of the underlying market it purports to measure and no action to remediate such a situation is taken or expected to be taken as required by the supervisor of the Original Benchmark Rate administrator; or
- (4) it has become, for any reason, unlawful under any law or regulation applicable to the Paying Agent, the Calculation Agent, the Issuer or any other party to use the Original Benchmark Rate; or
- (5) the Original Benchmark Rate is permanently no longer published without a previous official announcement by the competent authority or the administrator; or
- (6) a material change is made to the Original Benchmark Rate methodology.

**"Generally Accepted Market Practice"** means the customary use of a certain benchmark rate, subject to certain adjustments (if any), as substitute benchmark rate for the Original Benchmark Rate or of provisions, contractual or otherwise, providing for a certain procedure to determine payment obligations which would otherwise have been determined by reference to the Original Benchmark Rate in other bond issues following the occurrence of a Benchmark Event, or any other generally accepted market practice to replace the Original Benchmark Rate as reference rate for the determination of payment obligations.

**"Independent Advisor"** means an independent financial institution of international repute or other independent financial advisor experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

**"Industry Solution"** means any public statement by the International Swaps and Derivatives Association (ISDA), the International Capital Markets Association (ICMA), the Association for Financial Markets in Europe (AFME), the Securities Industry and Financial Markets Association (SIFMA), the SIFMA Asset Management Group (SIFMA AMG), the Loan Markets Association (LMA), the Deutsche Derivate Verband (DDV), the Zertifikate Forum Austria or any other private association of the financial industry pursuant to which a certain reference rate, subject to certain adjustments (if any), should or could be used to replace the Original Benchmark Rate or pursuant to which a certain procedure should or could be used in order to determine payment obligations which would otherwise be determined by reference to the Original Benchmark Rate.

**"New Benchmark Rate"** means any substitute or alternative replacement rate (expressed as a percentage rate *per annum*) to the Original Benchmark Rate determined by the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) in its reasonable discretion as follows:

- (A) If a Substitute Benchmark Rate exists, then such Substitute Benchmark Rate shall constitute the New Benchmark Rate.
- (B) If no Substitute Benchmark Rate exists but there is an Alternative Benchmark Rate, then such Alternative Benchmark Rate shall subsequently be the New Benchmark Rate.

**"Official Substitution Concept"** means any binding or non-binding public statement by (A) the EU Commission or any EU Member State taking into account, where available, the

recommendation by an alternative reference rate working group operating under the auspices of the central bank responsible for the currency in which the interest rates of the replacement benchmark are denominated or (B) any of the following entities provided that they are competent to make such statement: a central bank, a supervisory authority or a supervisory or expert body of the financial sector established under public law or composed of publicly appointed members, pursuant to which a certain benchmark rate, subject to certain adjustments (if any), should or could be used to replace the Original Benchmark Rate or pursuant to which a certain procedure should or could be used in order to determine payment obligations which would otherwise be determined by reference to the Original Benchmark Rate.

**"Substitute Benchmark Rate"** means any substitute replacement rate to the Original Benchmark Rate (expressed as a percentage rate *per annum*) (i) nominated by the EU Commission or any EU Member State taking into account, where available, the recommendation by an alternative reference rate working group operating under the auspices of the central bank responsible for the currency in which the interest rates of the replacement benchmark are denominated; or (ii) nominated by any of the following entities provided that they are competent to make such nominations: a central bank, a supervisory authority or any supervisory or expert body of the financial sector established under public law or composed of publicly appointed members including any working group or committee chaired or co-chaired by or constituted at the request of the central bank or other supervisory authority for being used for determining the distributions scheduled to be paid under the Notes determined by the Independent Advisor (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4) (c)(i)(B) above) in its reasonable discretion.

- (v) If, prior to the 10<sup>th</sup> Business Day prior to the relevant Reset Determination Date,
  - (A) the Issuer has not appointed an Independent Advisor; or
  - (B) the Independent Advisor appointed by it (in the case of § 3 (4) (c)(i)(A) above) or the Issuer (in the case of § 3 (4)(c)(i)(B) above) has not determined a New Benchmark Rate, has not determined the Adjustment Spread and/or has not determined the Benchmark Amendments (if required) in accordance with this § 3 (4) (c),

the Reference Rate applicable to the next Reset Period shall be equal to the Reference Rate determined on the last preceding Reset Determination Date. If this § 3 (4) (c)(v) is to be applied on the Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first Reset Period shall be - 0.08 per cent. *per annum*.

For the avoidance of doubt, the operation of this clause (v) shall apply to the Effective Date and the corresponding Reset Period only. Any subsequent Reset Determination Date and Reset Period shall be subject to the subsequent operation of, and to adjustment as provided in, this § 3 (4) (c).

- (vi) Following the occurrence of a Benchmark Event, the Issuer will give notice of the occurrence of the Benchmark Event, the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if required) to the Calculation Agent, to the Holders in accordance with § 10 as soon as possible but in no event later than on the 10<sup>th</sup> Business Day prior to the Effective Date.
- (vii) If a Benchmark Event occurs in relation to any New Benchmark Rate, this § 3 (4) shall apply *mutatis mutandis* to the replacement of such New Benchmark Rate by any new New Benchmark Rate. In this case, any reference in this § 3 to the term Original Benchmark Rate shall be deemed to be a reference to the New Benchmark Rate that last applied.
- (viii) Any reference in this § 3 (4) (c) to the term Original Benchmark Rate shall be deemed to include a reference to any component part thereof, if any, in respect of which a Benchmark Event has occurred.

(d) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent or, as the case may be, any Independent Advisor or the Issuer, shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the

Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Cessation of Accrual of Distributions.* The Notes shall cease to bear distributions from the end of the calendar day preceding the date scheduled for redemption (if any). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the date scheduled for redemption to but excluding the date of actual redemption of the Notes at the respective rate of distributions determined as specified in § 3 (1)-(4) above, which will fall due subject to the provisions set out in § 3 (6) and § 5 (8) (a)(v). This does not affect any additional rights that might be available to the Holders.

(6) *Cancellation of Distributions.*

(a) *Discretionary Cancellation of Distributions.* The Issuer, at its full discretion, may, at all times elect to cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis.

If the Issuer makes such election, the Issuer shall endeavour to give notice to the Holders in accordance with § 10 on or before the Distribution Payment Date. Any failure or delay to give notice to the Holders shall not affect the validity of such cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose. A notice which has not been given until the relevant Distribution Payment Date shall be given without undue delay thereafter.

(b) *Mandatory Cancellation of Distributions.* Without prejudice to such full discretion of the Issuer pursuant to § 3 (6) (a), any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date and any Additional Amounts thereon shall be excluded and cancelled mandatorily and automatically

- (i) to the extent that such payment of distributions and any Additional Amounts thereon together with any additional Relevant Distributions (as defined in § 3 (6) (e)) would exceed the available Distributable Items (as defined in § 3 (6) (e)), provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit on which the available Distributable Items are based; or
- (ii) if and to the extent that the Competent Authority orders that all or part of the relevant distribution payment scheduled to be paid on the Notes be cancelled; or
- (iii) if and to the extent that another prohibition or restriction of distributions on the Notes, or to make such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by law or the Competent Authority (or any other relevant supervisory authority) or any other restriction to make distributions exists under the Applicable Supervisory Regulations.
- (iv) Prohibitions and restrictions of distributions pursuant to § 3 (6) (b)(iii) may include, but are not limited to,
  - (A) any restrictions of distributions as a result of non-compliance with the combined buffer requirement (howsoever defined in the Applicable Supervisory Regulations) applicable at the time;
  - (B) any prohibition of distributions in connection with the calculation of the Maximum Distributable Amount;
  - (C) any limit resulting from any Maximum Distributable Amount; and
  - (D) any other restriction operating as maximum distributable amount in accordance with the then Applicable Supervisory Regulations requiring a maximum distributable amount to be calculated or to be complied with if the Issuer and/or the Issuer's Group is failing to meet any applicable capital adequacy or buffer requirement, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA)

and the maximum distributable amount related to the leverage ratio (L-MDA), in each case if applicable to the Issuer and/or the Issuer's Group at that point in time.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically excluded and cancelled, the Issuer shall endeavour to give notice the Holders in accordance with § 10 on or before the Distribution Payment Date. Any failure or delay to give notice to the Holders shall not affect the validity of such cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose. A notice which has not been given until the relevant Distribution Payment Date shall be given without undue delay thereafter.

(c) If a Write-down (as defined in § 5 (8)) occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-down Effective Date (as defined in § 5 (8)) will be cancelled mandatorily and automatically in full without any notice having to be given to that effect.

(d) Any distribution payment cancelled in accordance with § 3 (6) (a) to (c) will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute a default of the Issuer and will not impose any restrictions on the Issuer.

The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due.

(e) *Definitions.* In these Terms and Conditions:

**"Distributable Items"** means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR, as amended from time to time, in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

The determination of the Distributable Items shall be based on the Applicable Supervisory Regulations at the time of the determination and, accordingly, only those amounts shall be added or deducted that may be added or have to be deducted (as the case may be) for purposes of determining the amounts distributable on AT 1 Instruments under the Applicable Supervisory Regulations.

**"Maximum Distributable Amount"** means any maximum distributable amount relating to the Issuer and/or the Issuer's Group, as the case may be, that may be required to be calculated in accordance with (i) § 33k (4) of the Slovak Banking Act (implementing Article 141(2) CRD in the Slovak Republic), as amended or replaced from time to time, or (ii) any successor provision thereto.

**"Relevant Distributions"** means the sum of:

- (i) any other payments of distributions on the Notes that were made or are scheduled to be made by the Issuer in the then current financial year of the Issuer;
- (ii) the amount of any Write-up (as defined below) of the Notes that was made in the then current financial year or is made simultaneously with the relevant distribution payment on the relevant Distribution Payment Date, if any; and
- (iii) any payments of interest, dividends or distributions (including any write-ups) that were made, are simultaneously made or are scheduled to be made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer;
- (iv) any amount, payment or distribution as may be relevant under any restriction operating as a maximum distributable amount in accordance with the then Applicable Supervisory Regulations.

**"Relevant Financial Statements"** means: (i) the audited individual annual financial statements of the Issuer approved by the general meeting of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and approved individual annual financial statements of the Issuer are not available at the relevant Distribution Payment

Date, unaudited individual (*pro forma*) financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its individual annual financial statements and accounting regulations then in effect in relation to the Issuer's individual annual financial statements.

#### **§ 4 PAYMENTS**

(1)(a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4 (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Distributions.* Payment of distributions and any Additional Amounts on the Notes shall be made, subject to § 3 (6) above and § 4 (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Business Day Convention.* If the due date for payment of any amount of principal or interest in respect of the Notes is not a Business Day (as defined in § 1 (6)), then the Holder shall not be entitled to payment until the next day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay (the Distribution Period shall not be adjusted accordingly).

(5) *References to Principal and Distributions.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount (as defined in § 1 (6)); and the Redemption Amount of the Notes (as defined in § 5 (7)). References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7 (1)) which may be payable under § 7 (1).

#### **§ 5 REDEMPTION AND WRITE-DOWN**

(1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date and shall not fall due for redemption except in the cases provided for in § 5 (3), § 5 (4) or § 5 (5) (in each case in connection with § 5(6)) or (subject always to the ranking of the Issuer's obligations under the Notes set forth in § 2) in the event of bankruptcy (in Slovak: *konkurz*) or liquidation (in Slovak: *likvidácia*) of the Issuer.

(2) *No Redemption at the Option of a Holder.* The Holders do not have a right to demand the redemption of the Notes.

(3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving not less than 5 Business Days' and not more than 45 Business Days' prior notice in accordance with § 5 (7), redeem, on any of the Optional Redemption Dates (as defined below), all but not some only of the Notes at the Redemption Amount together with distributions, if any, accrued on the Current Principal Amount to but excluding the Optional Redemption Date specified in the notice, subject to cancellation of distributions pursuant to § 3 (6).

Any such redemption pursuant to this § 5 (3) will only be possible provided that the conditions to redemption and repurchase laid down in § 5 (6) are met.

"**Optional Redemption Date**" means

- (i) the First Reset Date; and
- (ii) each Distribution Payment Date following the First Reset Date.

The Issuer may exercise its redemption right pursuant to this § 5 (3) and redeem the Notes on an Optional Redemption Date only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may at any time, upon giving not less than 15 Business Days' and not more than 45 Business Days' prior notice in accordance with

§ 5 (7), redeem, on the date of redemption specified in the notice, all but not some only of the Notes at the Redemption Amount together with distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3 (6).

Any such redemption pursuant to this § 5 (4) shall only be possible if the conditions to redemption and repurchase set out in § 5 (6) are met.

Where:

A "**Tax Event**" occurs if there is a Tax Law Change as a result of which the applicable tax treatment of the Notes changes and:

- (i) the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts pursuant to § 7 (1); or
- (ii) the Issuer, in computing its taxation liabilities in the Slovak Republic, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is reduced below the deductible amount at the date of issuance of the Notes,

in each case which cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

"**Tax Law Change**" means any change in, or an amendment to, or clarification of, the laws or regulations of the Slovak Republic or of any political subdivision or taxing authority of or in the Slovak Republic, or as a result of any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the Notes are issued.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may at any time, upon giving not less than 15 Business Days' and not more than 45 Business Days' prior notice in accordance with § 5 (7), redeem, on the date of redemption specified in the notice, all but not some only of the Notes at the Redemption Amount together with distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3 (6) and § 5 (8) (a)(v).

Any such redemption pursuant to this § 5 (5) shall only be possible if the conditions to redemption and repurchase set out in § 5 (6) are met.

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the Issuer's Group).

(6) *Conditions to Redemption and Repurchase.* Any redemption pursuant to this § 5 and any repurchase pursuant to § 9 (1) is subject to:

(a) the Competent Authority having granted the Issuer the prior permission in accordance with Articles 77, 78 CRR for such redemption or any repurchase pursuant to § 9 (1), whereas such permission may, *inter alia*, require that:

- (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRD, the CRR and the BRRD by a margin that the Competent Authority considers necessary; and

(b) in the case of any redemption or repurchase during the five years following the date of issuance of the Notes:

- (i) in the case of any redemption due to a Tax Event pursuant to § 5 (4), the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or
- (ii) in the case of any redemption due to a Regulatory Event pursuant to § 5 (5), the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes; or
- (iii) in the case of any redemption in circumstances other than those described in clause (i) or (ii) or any repurchase, the Issuer, earlier than or at the same time as the early redemption or the repurchase, replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted the early redemption or the repurchase based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (iv) the Notes being repurchased for market making purposes in accordance with the Applicable Supervisory Regulations.

Notwithstanding the above conditions, if, at the time of any redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other authorisation required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.

(7) *Redemption Notice; Redemption Amount.* Any notice of redemption in accordance with § 5 (3), § 5 (4) or § 5 (5) shall be given by the Issuer to the Holders in accordance with § 10. Such notice shall be irrevocable and shall specify:

- (a) the securities code(s) of the Notes subject to redemption;
- (b) in the case of a notice of redemption in accordance with § 5 (3), the Optional Redemption Date on which the Issuer will redeem the Notes or, in the case of a notice of redemption in accordance with § 5 (4) or § 5 (5), the date, fixed for redemption;
- (c) the Redemption Amount at which the Notes are to be redeemed; and
- (d) in the case of a notice of redemption in accordance with § 5 (4) or § 5 (5), the reason for such call and redemption.

"**Redemption Amount**" per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5 (3), § 5 (4) or § 5 (5) and this § 5 (7) will be subject to § 5 (8) (b).

(8) Write-down.

(a) If a Trigger Event (as defined below) has occurred:

- (i) the Issuer will immediately inform the Competent Authority that the Trigger Event has occurred;
- (ii) the Issuer will determine the Write-down Amount (as defined below) as soon as possible, but in any case within a maximum period of one month (or such shorter period as the Competent Authority may require) following the determination that a Trigger Event has occurred;
- (iii) the Issuer will without undue delay notify (A) the Competent Authority; (B) the Calculation Agent; and (C) the Holders by publishing a notice (such notice a "**Write-down Notice**") in accordance with § 10: of the Write-down (as defined below), the Write-down Amount, the new/reduced Current Principal Amount of each Note and the Write-down Effective Date (as defined below);
- (iv) unpaid distributions accrued on the Current Principal Amount to but excluding the Write-down Effective Date will be cancelled in accordance with § 3 (6) (c); and

- (v) the Issuer will (without the need for the consent of Holders) write down the Notes *pro rata* with all of the Issuer's other Loss Absorbing AT 1 Instruments (as defined below) and reduce the Current Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Write-down**" and "**Written-down**" being construed accordingly) with effect as from the Write-down Effective Date.

Whether a Trigger Event has occurred shall be determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority, and such determination will be binding on the Holders.

For the purposes of determining whether a Trigger Event has occurred, the Issuer's Group CET 1 Capital Ratio (as defined below) and/or the Issuer CET 1 Capital Ratio (as defined below) may be calculated at any time based on information (whether or not published) available to the Issuer or the Issuer's Group (as applicable), including information internally reported within the Issuer pursuant to its procedures for monitoring the Issuer's Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio.

*For the avoidance of doubt:* A Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-down on more than one occasion, provided however, that the Current Principal Amount of a Note may never be reduced to below EUR 0.01.

*For the avoidance of doubt:* The occurrence of a Trigger Event shall not entitle the Noteholders to call the Notes for redemption and shall not constitute a default of the Issuer.

Any failure or delay to give the notice pursuant to § 5 (8) (a)(i) and/or the Write-down Notice will not affect the effectiveness of, or otherwise invalidate, any Write-down. Any such notice which has not been given shall be given without undue delay.

(b) The Issuer shall not give a notice of redemption after a Trigger Event has occurred until the Write-down has been effected in respect of the relevant Trigger Event.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made, and the rights and obligations in respect of the Notes shall remain unchanged.

(c) *Definitions.* In these Terms and Conditions:

**"Issuer CET 1 Capital Ratio"** means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated in accordance with the Applicable Supervisory Regulations.

**"Issuer's Group CET 1 Capital Ratio"** means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer's Group on a consolidated basis, as calculated in accordance with the Applicable Supervisory Regulations.

**"Loss Absorbing AT 1 Instrument"** means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its current principal amount written down (whether on a permanent or temporary basis) or converted into Common Equity Tier 1 instruments (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer's Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio falling below a certain trigger level.

**"Minimum Trigger Level"** means in respect of: (i) the Issuer's Group CET 1 Capital Ratio 7.000 per cent.; and/or (ii) the Issuer CET 1 Capital Ratio 7.000 per cent.

**"Required Loss Absorption Amount"** means the amount by which, upon the occurrence of a Trigger Event, a Write-down of the Current Principal Amount of a Note (in conjunction with the concurrent Write-down of the other Notes) shall be effected *pro rata* with the aggregate (current) principal amount of any other Loss Absorbing AT 1 Instruments the trigger events for a write-down or conversion (loss absorption) of which pursuant to their terms have occurred and whose minimum trigger levels have not been restored, irrespective of the opening of any insolvency proceedings. For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Issuer's Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable, but shall not exceed the sum of the current principal amounts of



Loss Absorbing AT 1 Instruments the trigger events for a write-down or conversion of which pursuant to their terms have occurred, the minimum trigger levels of which have not been restored and which are outstanding at the time of occurrence of the Trigger Event.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other Loss Absorbing AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant trigger event has occurred will not be, effective for any reason:

- (i) the ineffectiveness of any such write-down (or write-off) or conversion into Common Equity Tier 1 instruments shall not prejudice the requirement to effect a Write-down of the Notes (loss absorption); and
- (ii) the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other Loss Absorbing AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred which is not, or within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Trigger Event has occurred will not be, effective shall not be taken into account in determining such Write-down of the Notes.

Any other Loss Absorbing AT 1 Instrument that may be written down or converted in full but not in part will, for the purposes of determining the relevant Write-down Amounts, be treated as if its terms permit a partial write-down or conversion

A "**Trigger Event**" occurs if, at any time, it has been determined that: (i) the Issuer's Group CET 1 Capital Ratio; and/or (ii) the Issuer CET 1 Capital Ratio is lower than the applicable Minimum Trigger Level.

"**Write-down Amount**" per Note means the amount by which the Current Principal Amount per Note is to be Written-down on a Write-down Effective Date, being the lower of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount; and (ii) the amount necessary to reduce the Current Principal Amount to EUR 0.01.

"**Write-down Effective Date**" means the date on which the Write-down will take effect, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

(d) Any Write-down of a Note pursuant to this § 5 (8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written-down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-up in accordance with § 5 (9).

(9) *Write-up*.

(a) The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up, in any financial years of the Issuer subsequent to the occurrence of such Write-down, the Current Principal Amount in whole or in part up to a maximum of the Original Principal Amount (a "**Write-up**"), provided that a positive Profit has been recorded for each of the Issuer and the Issuer's Group, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-up under any specific circumstances.

If the Issuer so decides in its sole discretion, the Write-up will occur with effect as of the Write-up Effective Date (as defined below) (including).

(b) At its discretion (without being obliged to) the Issuer may effect such Write-up provided that:

- (i) at the time of the Write-up, there must not exist any Trigger Event that is continuing; any Write-up is also excluded if such Write-up would give rise to the occurrence of a Trigger Event;
- (ii) such Write-up is applied on a pro rata basis to all Notes and *pari passu* with write-ups of other Loss Absorbing Written-down Instruments; and
- (iii) the sum of: (x) the aggregate amount attributed to the relevant Write-up of the Notes and the aggregate increase in the current principal amounts of Loss Absorbing Written-down Instruments

resulting from any previous Write-up since the end of the then previous financial year; and (y) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written-down Instruments as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount at any time after the end of the then previous financial year.

(c) The amount of any Write-up shall be subject to the restrictions relating to any applicable Maximum Distributable Amount and to any other restriction operating as maximum distributable amount as described in § 3 (6) (b)(iv)(D), as at the time of the Write-up.

For the avoidance of doubt, a Write-up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Original Principal Amount. Write-ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments, i.e. such payments and distributions are permitted even if no full Write-up of the Notes has been effected.

(d) If the Issuer elects to effect a Write-up, it will publish a notice about the Write-up (including the amount of the Write-up as a percentage of the Original Principal Amount and the Distribution Payment Date (falling after the end of the financial year of the Issuer for which the relevant Profit was determined) on which the Write-up becomes effective (in each case a "**Write-up Effective Date**") no later than 10 calendar days prior to the relevant Write-up Effective Date to the Paying Agent and, in accordance with § 10, to the Holders. The Write-up shall be deemed to be effected, and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice to the Holders is given in accordance with § 10, with effect as of the Write-up Effective Date.

(e) In this § 5 (9):

**"Maximum Write-up Amount"** means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Issuer's Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer's Group as at the date the relevant Write-up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-up.

**"Loss Absorbing Written-down Instrument"** means any Loss Absorbing AT 1 Instrument (as defined in § 5 (8) that has had all or some of its principal amount written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the Write-up of the Notes.

**"Profit"** means: (i) the net income for the year of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year on a consolidated basis recorded in the consolidated financial statements of the Issuer's Group, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined by the supervisory board or approved by the general meeting of the Issuer.

## § 6 PAYING AGENT AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Paying Agent and the initial Calculation Agent and their respective initial specified offices are:

Paying Agent and Calculation Agent:

Erste Group Bank AG  
Am Belvedere 1  
1100 Vienna  
Austria

Email: secvault1551@erstegroup.com

Attn: OE 551 Securities Administration

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Paying Agent.

The Paying Agent(s) and the Calculation Agent reserve the right at any time to change their respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain: (i) a Paying Agent; and (ii) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Paying Agent shall (in the absence of wilful default, bad faith, inequity or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, the Calculation Agent or the Holders shall attach to the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Independent Advisor.* If the Issuer appoints an Independent Advisor in accordance with § 3(4), § 6(3) and (4) shall apply *mutatis mutandis* to the Independent Advisor.

## § 7 TAXATION

(1) *General Taxation.* All payments of principal and distributions by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Slovak Republic or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If the Issuer is required by law to make any withholding or deduction for any Taxes from any payment of distributions in respect of the Notes, the Issuer shall pay such additional amounts (the "**Additional Amounts**") to the Holder as shall result in receipt by that Holder of such amounts as would have been received by it had no such withholding or deduction been required, provided however that any such Additional Amounts are only payable to the Holder and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions to be withheld or deducted by or on behalf of the Issuer. No such Additional Amounts shall be payable with respect to any Note:

- (a) which are payable to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of it having some connection with the Issuer's country of domicile for tax purposes other than the mere holding of the Note; or
- (b) in respect of any Taxes which are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty, agreement or understanding; or

(c) in respect of any Taxes which are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of interest made by it.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## **§ 8 PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within thirty years (in the case of principal) and three years (in the case of distributions) upon the relevant due date.

## **§ 9 REPURCHASES AND CANCELLATION**

(1) *Repurchases*. Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5 (6) are met, the Issuer and any of its Subsidiaries may at any time repurchase Notes in the open market or otherwise. Notes repurchased by the Issuer or any Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Paying Agent for cancellation.

(2) *Cancellation*. All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## **§ 10 NOTICES**

(1) *Notices of the Issuer*. All notices of the Issuer concerning the Notes shall be (a) directly sent to the Holders; or (b) at the option of the Issuer, published on the Issuer's website ("[www.slsp.sk](http://www.slsp.sk)"), in each case in the English language. Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of receipt of any notice or such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication).

(2) *Notification to Clearing System*. The Issuer may, in lieu of publication in the media set forth in § 10 (1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was delivered to the Clearing System.

## **§ 11 APPLICABLE LAW, PLACE OF JURISDICTION**

(1) *Applicable Law*. The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Austrian law (save for the provisions of § 2, which shall be governed by, and shall be construed exclusively in accordance with, Slovak law) except for its conflict of law rules as far as such rules would lead to the application of foreign law.

(2) *Place of Jurisdiction*. The competent Austrian courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes (including any legal action or proceedings

(the "**Proceedings**") relating to any non-contractual obligations arising out of or in connection with the Notes).

(3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the proceedings.

In Bratislava, 25 November 2021

Signatures of the Issuer:

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Róbert Herbec  
Authorised Person  
Slovenská sporiteľňa, a.s.

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Richard Košecký  
Authorised Person  
Slovenská sporiteľňa, a.s.