

SLSP AT1 PNC5 INVESTIČNÉ CERTIFIKÁTY 2015
TERMS AND CONDITIONS (IN SLOVAK: EMISNÉ PODMIENKY)
OF INVESTMENT CERTIFICATES

§ 1
BASIC PROVISIONS

(1) *Class, Name, Currency, Denomination.* These investment certificates (the "**Certificates**"), ISIN: SK5120000024 series 01 are being issued by Slovenská sporiteľňa, a. s., a bank incorporated and licensed in the Slovak Republic, with its registered seat at Tomášikova 48, 832 37 Bratislava, identification number (IČO): 00 151 653, registered with the Commercial Registry of the District Court Bratislava I, section: Sa, insert no: 601/B, legal entity identifier (LEI): 549300S2T3FWVVXWJI89 (the "**Issuer**") (in Slovak: *emitenť*) on 23 November 2015 in EUR (the "**Specified Currency**"). The class of the security is investment certificates. The name of the security is "SLSP AT1 PNC5 Investičné certifikáty 2015". The aggregate nominal amount (in Slovak: *menovitá hodnota*) of the Certificates is EUR 150,000,000 (in words: one hundred fifty million Euro) in the denomination of EUR 5,000,000 (the "**Specified Denomination**"). The Certificates are issued at an issue price of 100.00% of the nominal amount per Certificate. The Certificates will not be listed on any stock exchange. The Certificates are investment certificates issued in accordance with Act No. 566/2001 Coll. on Securities and Investment Services, as amended (hereinafter the "**Slovak Securities Act**").

(2) *Form* (in Slovak: *forma a podoba*). The Certificates are book-entry (in Slovak: *zaknihované*) securities registered in Centrálny depozitár cenných papierov SR, a.s., with its registered seat at ul. 29. augusta 1/A, 814 80 Bratislava, Slovak Republic ("**CDCP**"). The Certificates are issued in the bearer form (in Slovak: *cenné papiere na doručiteľa*).

(3) *Holder of Certificates.* The holders of the Certificates will be the persons registered as owners of the Certificates: (a) on the owner's account (in Slovak: *účet majiteľa*) maintained by CDCP or by a member of CDCP; or (b) on the internal account of a person for which CDCP maintains a custody account (in Slovak: *držiteľský účet*) (each such account referred to as the "**Relevant Account**" and each such person as the "**Holder**"). If some of the Certificates are registered in a custody account, the Issuer reserves the right to rely on the authority of each person maintaining such account to fully represent (directly or indirectly) the Holder and perform vis-à-vis the Issuer and to the account of the Holder all legal acts (either in the Holder's name or in its own name) associated in the Certificates as if this person were their owner. Unless the law or a decision of the court delivered to the Issuer provides otherwise, the Issuer will deem each Holder as the authorised owner in all respects and make the payments under the Certificates to that Holder.

(4) *Business Day.* "**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") or its successor settles payments and commercial banks are open for general business in Bratislava.

(5) *Description of the underlying.* The underlying for the Certificates is the capital position of the Issuer and of the Erste Group based on the Issuer's CET 1 Capital Ratio, the Erste Group CET 1 Capital Ratio and the Issuer's Group CET 1 Capital Ratio. Information on the Issuer's CET 1 Capital Ratio and the Issuer's Group CET 1 Capital Ratio can be found in the Issuer's annual (audited) and interim (unaudited) financial reports published on the Issuer's website (www.slsp.sk). Information on the Erste Group's CET 1 Capital Ratio can be found in the annual and interim financial reports of Erste Group Bank AG (on a consolidated basis) on the website of Erste Group (www.erstegroup.com).

(6) *Transferability.* The Certificates are transferable securities and their transfer by any Holder is not limited.

(7) *Principal.* In accordance with the Slovak Securities Act, the Certificates have a nominal amount (in Slovak: *menovitá hodnota*) and redemption value (in Slovak: *hodnota vyrovnania*), but no guaranteed

principal amount (in Slovak: *istina*). In connection with the Certificates, the "Redemption Value" (in Slovak: *Hodnota vyrovnania*) will therefore be equivalent of "principal amount" (in Slovak: *istina*) for the purposes of CRR.

(8) The Certificates carry the right to settlement in cash only under the conditions specified in these Terms and Conditions. The Certificates do not carry the right to exchange for or convert to any shares of the Issuer or Erste Group Bank AG or the right to delivery of any other instruments or underlying assets.

§ 2 STATUS

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

In the bankruptcy (in Slovak: *konkurz*) or liquidation (in Slovak: *likvidácia*) of the Issuer, the obligations of the Issuer under the Certificates will rank:

- (a) junior (in Slovak: *podriadené*) to all present or future: (i) unsubordinated (in Slovak: *nepodriadené*) instruments or obligations of the Issuer; and (ii) (I) obligations under any Tier 2 Instruments; and (II) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than any other AT1 Instruments) (instruments and obligations under (i) and (ii) referred to as "**Obligations Ranked Above AT1**"). For the purposes of giving full effect to provision (ii), each Holder of the Certificates by purchasing of the Certificates agrees that: (AA) it will not accept any distribution in respect of the Certificates in the bankruptcy or liquidation of the Issuer before all Obligations Ranked Above AT1 are satisfied in full; and (BB) if it (for any reason) receives any distribution in respect of the Certificates in the bankruptcy or liquidation of the Issuer before all Obligations Ranked Above AT1 are satisfied in full, it will return the full amount of such distribution to the Paying Agent or other person responsible for making the distributions for the purposes of distributing such amount to other creditors under Obligations Ranked Above AT1; and
- (b) *pari passu* among themselves and with all present and future obligations under any other AT 1 Instruments.

Where:

"**AT 1 Instruments**" means any capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 of the CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as amended.

"**Tier 2 Instruments**" means any capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 of the CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

The Holders of the Certificates have no right for repayment of the nominal amount of the Certificates. The rights of the Holders of the Certificates to redemption of the Certificates are at any time limited to a claim up to the amount of the Redemption Value (as defined below), in accordance with other provisions of these Terms and Conditions.

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

(3) *No set-off or security*. Claims of the Issuer are not permitted to be set off against repayment

obligations of the Issuer under these Certificates, and no collateral may be provided by the Issuer or any third person for the liabilities constituted by the Certificates. The Certificates are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Certificates. The Certificates are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Certificates in insolvency or liquidation. No subsequent agreement or other change (even if permitted under any current or future law) may limit the subordination pursuant to this § 2 or amend the perpetuity of the Certificates.

§ 3 DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Certificates shall bear distributions (in Slovak: *výnosy*) on the current Redemption Value at the rate of 7.80 per cent. *per annum* (the "**First Rate of Distributions**") from, and including, 23 November 2015 (the "**Distribution Commencement Date**") to, but excluding, 23 November 2020 (the "**First Reset Date**") (this period hereinafter referred to as the "**First Period**").

After the First Period, the Certificates shall bear distributions at the relevant Reset Rate of Distributions (as determined according to § 3 (4)) from, and including, each Reset Date to, but excluding, the next following Reset Date.

Distributions shall be scheduled to be paid semi-annually in arrears on 23 May and 23 November in each year (each such date, a "**Distribution Payment Date**"), commencing on 23 May 2016. Distributions will fall due in accordance with the provisions set out in § 4 (4).

(2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid under the Certificates is required to be calculated for any period of time in the First Period, such amount of distributions shall be calculated by applying the First Rate of Distributions to the current Redemption Value (as defined below). If the amount of distributions scheduled to be paid under the Certificates is required to be calculated for any period of time in any Reset Period (as defined below), such amount of distributions shall be calculated by applying the applicable Reset Rate of Distributions to the current Redemption Value. In each case, any such amount will be multiplied by the applicable Day Count Fraction (as defined below) and the resultant figure shall be rounded to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards.

(3) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Certificate for any period of time (the "**Calculation Period**"), the number of calendar days in the Calculation Period divided by 360. The number of calendar days shall be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months unless (a) the last calendar day of the Calculation Period is the 31st calendar day of a month, but the first calendar day of the Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month; or (b) the last calendar day of the Calculation Period is the last calendar day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-calendar day month.

(4) *Determination of the Reset Rate of Distributions.*

(a) *Reset Rate of Distributions.* The rate of distributions for each Reset Period (each a "**Reset Rate of Distributions**") shall be the Reference Rate *per annum* plus the Margin (as defined below).

The "**Reference Rate**" in respect of each Reset Period shall be the swap rate (expressed as a percentage rate *per annum*) for swap transactions in the Specified Currency with a term of five years equalling the term of the Reset Period starting on the relevant Reset Date which appears on the Screen Page (as defined below) as of 11:00 a.m. (Frankfurt time) on the relevant Reset Determination Date (as defined below), all as determined by the Calculation Agent in accordance with § 6 (1).

"**Margin**" means 7.57 per cent. *per annum*.

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

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

"**Reset Determination Date**" means the second Business Day prior to any Reset Date.

"**Screen Page**" means the display page on Reuters designated as the ISDAFIX2 page 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.

If the Screen Page is unavailable or if the Reference Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its mid-market swap rate (expressed as a percentage rate *per annum*) at approximately 11:00 a.m. (Frankfurt time) on the relevant Reset Determination Date. "**Mid-market swap rate**" means the mean of the bid and offered rates for the fixed leg of a fixed-for-floating rate swap transaction in the Specified Currency where the floating leg is equivalent to the applicable Reference Rate *per annum*, which appears on the Reuters page designated as the ISDAFIX2 page or any 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 applicable Reference Rate.

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference 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 Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate for the relevant Reset Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion. The Calculation Agent shall take general market practice into account when determining such rate.

"**Reference Banks**" means four major banks in the interbank market of the Euro-zone. Major banks are the banks subject to the Single Supervisory Mechanism of the European Central Bank.

"**Euro-zone**" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Economic Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended.

(b) *Notification of Reset Rate of Distributions.* The Calculation Agent will cause the Reset Rate of Distributions to be notified to the Holders in accordance with § 9 as soon as possible after its determination.

(c) *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 shall (in the absence of wilful default, bad faith, evident inequity or manifest error) be binding on the Issuer, the Paying Agent and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agent 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. For the avoidance of doubt, this shall apply when the function of the Calculation Agent is performed by the Issuer as well.

(5) *Default Distributions.* The Certificates shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Certificates are redeemed). If the Issuer fails to redeem the Certificates when due, the Holders shall have right to receive distributions from, and including, the due date for redemption to, but excluding, the date of actual redemption of the Certificates at the default rate of interest established by law. This does not affect any additional rights that might be available to the Holders.

(6) *Cancellation of Distributions.* The Issuer may, at its full discretion, wholly or partially and at any time cancel any payment of distributions on the Certificates scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due. If the Issuer makes use of such right, it shall give notice to the Holders without undue delay and in any event no later than on the Distribution Payment Date.

Without prejudice to such right of the Issuer, any payment of distributions on the Certificates scheduled to be paid on any Distribution Payment Date shall be cancelled, in whole or in part, if and to the extent:

- (a) the distribution payment scheduled to be paid together with any further Relevant Distributions would exceed the available Distributable Items, 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 distribution on Tier 1 Instruments (including payments of distributions on the Certificates) in the calculation of the profit (in Slovak: *zisk*) on which the available Distributable Items are based;
- (b) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (c) on the relevant Distribution Payment Date such distribution payment aggregated with any other distributions of the kind referred to in Article 141(2) of the CRD IV would not be in compliance with the restrictions relating to the Maximum Distributable Amount (as defined below) applicable to the Issuer, the Issuer's Group or the Erste Group.

Any distribution payment so cancelled will be non-cumulative (i.e. will not increase any liabilities of the Issuer under or in connection with the Certificates) and will be cancelled definitively 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 does not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

Where:

"Austrian Banking Act" means the federal Austrian Banking Act (in German: *Bankwesengesetz*), published in Federal Law Gazette No. 532/1993, as amended.

"Competent Authority" means the competent authority pursuant to Article 4(1)(40) of the CRR which is responsible to supervise the Issuer, the Erste Group and/or the Issuer's Group.

"CRD IV" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (*Capital Requirements Directive IV*), as implemented in the Slovak Republic and as amended.

"Distributable Items" means, in respect of any payment of distributions on the Certificates, the distributable items as defined in Article 4(1)(128) of the CRR 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 such 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.

"Erste Group Bank AG" means the parent undertaking of the Issuer pursuant to Article 4(1)(15) of the CRR.

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

"Maximum Distributable Amount" means any maximum distributable amount (in German: *maximal ausschüttungsfähiger Betrag*) (in Slovak: *maximálna rozdeliteľná suma*) relating to the Issuer, the Erste Group and/or the Issuer's Group, as the case may be, that may be required to be calculated in accordance with § 33k(4) of the Slovak Banking Act (implementing Article 141(2) of the CRD IV in the Slovak Republic) and in accordance with § 24(2) of the Austrian Banking Act (implementing Article 141(2) of the CRD IV in Austria).

"Redemption Value" (in Slovak: *Hodnota vyrovnania*) means, in respect of each Certificate at any time, the Specified Denomination reduced by the sum of all Write-down Amounts and increased by the sum of amounts of all Write-ups (as defined below), in each case effected in accordance with these Terms and Conditions as at the time of calculation of the Redemption Value.

"Relevant Distributions" means the sum of (i) any payments of distributions on the Certificates made or scheduled to be made by the Issuer in its relevant financial year; (ii) any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on any other Tier 1 Instruments in its relevant financial year; and (iii) the amount of any Write-up in the relevant financial year, if any.

"Relevant Financial Statements" means (i) the audited (in Slovak: *auditované*) individual annual financial statements of the Issuer approved (in Slovak: *schválené*) 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.

"Slovak Banking Act" means Slovak Act No. 483/2001 Coll. on banks, as amended.

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

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

§ 4 PAYMENTS

(1) *Payment.* Any amount due under the Certificates in accordance with these Terms and Conditions shall be made by the Issuer through the Paying Agent at its Specified Office (as defined below).

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

(3) *Determination of the right to receive payments.* All payments under the Certificates will be paid to those persons who are Holders registered at the Relevant Accounts at 11:59 p.m. on the relevant Payment Cut-off Date (as defined below) (the "**Eligible Recipient**").

For the purposes of these Terms and Conditions, the "**Payment Cut-off Date**" means the date thirty (30) calendar days before the relevant Distribution Payment Date or Call Redemption Date (or any other date on which any amount under the Certificates is due, as applicable).

For the purposes of determination of the Eligible Recipient, neither the Issuer nor the Paying Agent will take into consideration any transfers of the Certificates after the Payment Cut-off Date until the relevant Distribution Payment Date or Call Redemption Date.

(4) *Payment Business Day.* If the due date for any payment in respect of the Certificates would otherwise fall on a calendar day which is not a Business Day (as defined below), the due date for such payment shall be postponed to the next calendar day which is a Business Day.

If any payment date is postponed (as described above), the amount of distribution shall not be adjusted accordingly.

If the due date for the redemption of the settlement value of the Certificates is adjusted the Holder shall not be entitled to payments in respect of such adjustment.

(5) *Making of payments.* (a) The Paying Agent will make all payments under the Certificates to the Eligible Recipients by wire transfer to their bank accounts specified in the instruction delivered by the relevant Eligible Recipient to the Paying Agent no later than five (5) Business Days before the applicable payment date. The instruction must be in the form of a signed written statement (with the signature/signatures authenticated or the signature verified by the authorised employee of the Paying

Agent) containing information about the Eligible Recipient's account sufficient for the Paying Agent to make the payment. In the case of legal persons, the instruction will be accompanied by the original or a copy of the valid extract from the Commercial Register or other similar register in which the Eligible Recipient is registered, with the correctness of information shown in this extract from the Commercial Register or other similar register validated by an employee of the Paying Agent as of applicable payment date (this instruction together with its supporting documents, the "**Instruction**"). The Instruction must be in the Slovak or English language and in the form and substance satisfying the reasonable requirements of the Paying Agent; the Paying Agent may demand sufficiently satisfactory evidence of identity and authorisation of the person who signed the Instruction. This evidence must also be delivered to the Paying Agent no later than five (5) Business Days before the Payment Date. The Paying Agent may in particular demand (i) presentation of the power of attorney if the Eligible Recipient is represented by an agent, and (ii) additional confirmation of the Instruction by the Eligible Recipient.

(b) The obligation to pay any amount under the Certificates is deemed to be satisfied properly and on time if the relevant amount is transferred to the Eligible Recipient in accordance with its Instruction satisfying the requirements under paragraph (a) above and if the amount is credited to the bank account of the Eligible Recipient on or before the relevant due date.

(c) Neither the Issuer nor the Paying Agent is liable for any delay in paying any outstanding amount due to (i) the Eligible Recipient's failure to deliver proper Instruction or other documents or information under these Terms and Conditions on time, (ii) the Instruction, documents or information being incomplete, incorrect or untrue, or (iii) the delay being caused by circumstances outside the control of the Issuer or the Paying Agent. In these cases, the Eligible Recipient does not become entitled to any extra payment or interest for the delay of that payment.

§ 5 REDEMPTION AND WRITE-DOWN

(1) *No Scheduled Maturity.* The Certificates are perpetual and have no specific scheduled maturity date.

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

(3) *Redemption at the Option of the Issuer.*

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Certificates in whole, but not in part, on the Call Redemption Date(s) at the applicable Redemption Value together with any accrued distributions to, but excluding, the (relevant) Call Redemption Date (subject to the cancellation of distributions pursuant to § 3 (6)). Any redemption pursuant to this subsection § 5 (3) shall not be possible until five years after the date of issuance and shall only be possible provided that the redemption conditions set out in § 5 (6) are met.

"**Call Redemption Date**" means (i) 23 November 2020 and (ii) each Distribution Payment Date after 23 November 2020 falling one year after the previous Call Redemption Date.

(b) Notice of redemption shall be given by the Issuer to the Holders in accordance with § 9. Such notice shall be irrevocable and shall specify:

- (i) the ISIN number of the Certificates;
- (ii) the Call Redemption Date which shall not be less than 30 Business Days nor more than 60 Business Days after the calendar day on which notice is given by the Issuer to the Holders; and
- (iii) the Redemption Value at which the Certificates are to be redeemed.

(4) *Redemption for Reasons of Taxation.* The Certificates may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 Business Days' nor more than 60 Business Days' prior notice of redemption to the Paying Agent and, in accordance with § 9, to the Holders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Certificates, including without limitation, a Tax Deductibility Event or a Gross-up Event, which the

Issuer, in accordance with and subject to Article 78(4) of the CRR, demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable at the time of their issuance, and provided that the redemption conditions set out in § 5 (6) are met.

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Certificates based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer.

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Certificates and as a result of such change the Issuer would not be entitled to claim a deduction in respect of distributions paid on the Certificates in computing its taxation liabilities in the Slovak Republic, or such deductibility is materially reduced.

(5) *Redemption for Regulatory Reasons.* The Certificates may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 but not more than 60 Business Days' prior notice of redemption to the Paying Agent and, in accordance with § 9, to the Holders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Certificates that would be likely to result in their exclusion in full from own funds or reclassification as a lower quality form of own funds, and provided that the following conditions are met: (a) the Competent Authority considers such a change to be sufficiently certain; (b) the Issuer demonstrates to the satisfaction of the Competent Authority that the regulatory reclassification of the Certificates was not reasonably foreseeable at the time of their issuance; and (c) the redemption conditions set out in § 5 (6) are met.

(6) *Redemption Conditions.* Any redemption pursuant to this § 5 requires that the Competent Authority has granted the Issuer the prior permission in accordance with Article 78 of the CRR for the redemption, whereas such permission may, *inter alia*, require that:

- (a) earlier than or at the same time as the redemption, the Issuer replace the Certificates with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following the redemption, exceed the requirements set out in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV by a margin that the Competent Authority may consider necessary on the basis of Article 104(3) of the CRD IV.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer in connection with the Certificates for any purpose.

(7) *Redemption Value.* In case of a redemption pursuant to § 5 (4) or § 5 (5), the Certificates will be redeemed at their current Redemption Value together with distributions, if any and subject to cancellation of distributions pursuant to § 3 (6), accrued to, but excluding, the date of redemption.

(8) *Write-down.* If a Trigger Event (as defined below) has occurred, the Issuer will:

- (a) immediately inform the Competent Authority that the Trigger Event has occurred;
- (b) determine the Write-down Amount (as defined below) as soon as possible, but in any case within a maximum period of one month following the determination by the Issuer that a Trigger Event has occurred;
- (c) without undue delay inform the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-down Notice**") which will specify the Write-down Amount as well as the new/reduced current Redemption Value of each Certificate and the Effective Date (as defined below); and

- (d) without the need for the consent of the Holders, reduce the Redemption Value of each Certificate by the relevant Write-down Amount (such reduction being referred to as a **"Write-down"**) without undue delay, but not later than within one month, with effect as from the Effective Date.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion and each Certificate may be subject to a Write-down on more than one occasion. However, the Redemption Value of a Certificate may never be reduced to below EUR 0.01.

Where:

"Applicable Supervisory Regulations" means the provisions of the Slovak Banking Act, the Austrian Banking Act, the CRD IV, the CRR and the CDR including any (existing or future) regulations and decisions issued on the basis of the afore-mentioned laws and regulations binding on the Issuer, the Erste Group and/or the Issuer's Group.

"CDR" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Capital Delegated Regulation*), as amended.

"Effective Date" means the date specified as such in the Write-down Notice, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

"Erste Group CET 1 Capital Ratio" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of the CRR of the Erste Group on a consolidated basis, as calculated by Erste Group Bank AG in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

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

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

"Minimum Trigger Level" means in respect of: (i) the Issuer CET 1 Capital Ratio, 7.000 per cent.; (ii) the Erste Group CET 1 Capital Ratio, 5.125 per cent.; and (iii) the Issuer's Group 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 aggregate Redemption Value of the Certificates shall be effected *pro rata* with the aggregate (current) principal amount of any other AT 1 Instruments whose trigger events for a write-down or conversion (loss absorption) 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, the Issuer's Group CET 1 Capital Ratio and the Erste Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable. However, such total amount of the write-downs shall not exceed the sum of the principal amounts of AT 1 Instruments whose trigger events for a write-down or conversion pursuant to their terms have occurred and whose minimum trigger levels 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 AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month 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 Certificates (loss absorption); and
- (ii) such ineffective write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument shall not be taken into account in determining such Write-down of the Certificates.

A "**Trigger Event**" occurs if it has been determined that any of the Issuer CET 1 Capital Ratio, the Erste Group CET 1 Capital Ratio or the Issuer's Group CET 1 Capital Ratio falls to an amount that is lower than the applicable Minimum Trigger Level.

"**Write-down Amount**" per Certificate means the amount by which the Redemption Value per Certificate is to be Written-down on an Effective Date, being the higher of (i) the *pro rata* share of the Certificate in the Required Loss Absorption Amount and (ii) if the amount in (i) is insufficient to fully restore or maintain the Issuer CET 1 Capital Ratio, the Erste Group CET 1 Capital Ratio and/or the Issuer's Group CET 1 Capital Ratio to the Minimum Trigger Level, the amount necessary to reduce the Redemption Value to EUR 0.01.

(9) *Write-up*. The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up the current Redemption Value in whole or in part up to a maximum of the Specified Denomination (a "**Write-up**"), provided that a positive Profit has been recorded, 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 Date (as defined below) (including).

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

- (a) 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;
- (b) such Write-up is applied on a *pro rata* basis to all Certificates and among Similar AT 1 Instruments that have been subject to a write-down; and
- (c) the sum of (i) the aggregate amount attributed to the relevant Write-up of the Certificates and (ii) the aggregate amount of any distribution scheduled to be paid on the aggregate Redemption Value of the Certificates as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount.

The amount of any Write-up and payments of distributions on the reduced Redemption Value shall be treated as payment resulting in a reduction of Common Equity Tier 1 and shall be subject, together with other distributions on CET 1 Instruments, to the restrictions relating to the Maximum Distributable Amount in respect of the Issuer, the Issuer's Group and the Erste Group.

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

If the Issuer elects to effect a Write-up, it will deliver a notice about the Write-up including the amount of the Write-up as a percentage of the Specified Denomination and the effective date of the Write-up (the "**Write-up Date**") no later than ten (10) calendar days prior to the relevant Write-up Date to the Paying Agent and, in accordance with § 9, to the Holders.

Where:

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

- (i) the Profit of the Issuer multiplied by the sum of the aggregate Specified Denomination of all Certificates and the aggregate initial principal amount of all Similar AT 1 Instruments of the Issuer which have been subject to a write-down (for the avoidance of doubt, before any write-

down), and divided by the total Tier 1 Capital pursuant to Article 25 of the CRR of the Issuer as at the date the relevant Write-up is operated; and

- (ii) the Profit of the Erste Group multiplied by the sum of the aggregate Specified Denomination of all Certificates and the aggregate initial principal amount of all Similar AT 1 Instruments of the Erste Group which have been subject to a write-down (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 of the CRR of the Erste Group as at the date the relevant Write-up is operated; and
- (iii) the Profit of the Issuer's Group multiplied by the sum of the aggregate Specified Denomination of all Certificates and the aggregate initial principal amount of all Similar AT 1 Instruments of the Issuer's Group which have been subject to a write-down (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 of the CRR of the Issuer's Group as at the date the relevant Write-up is operated,

unless the Applicable Supervisory Regulations provide otherwise on the date of the relevant Write-up.

"Profit" means: (i) in respect of the Issuer, the net income for the year of the Issuer on an individual basis recorded in the Relevant Financial Statements; (ii) in respect of Erste Group, the consolidated net income for the year on a consolidated basis recorded in the consolidated financial statements of the Erste Group; and (iii) in respect of the Issuer's Group, 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 either the supervisory board (in German: *Aufsichtsrat*) or, if so requested, the shareholders' meeting of the Erste Group Bank AG in the case of the consolidated Profit of the Erste Group or approved by the General Meeting (in Slovak: *valné zhromaždenie*) of the Issuer in the case of the individual Profit of the Issuer or the consolidated Profit of the Issuer's Group.

"Similar AT 1 Instruments" means: (i) in respect of the Issuer, any AT 1 Instruments (other than the Certificates); (ii) in respect of the Erste Group, any instrument issued by a member of the Erste Group qualifying as Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Erste Group; and (iii) in respect of the Issuer's Group, any instrument issued by a member of the Issuer's Group qualifying as Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer's Group; in each case only to the extent such instrument includes a write-down mechanism (permanent or temporary) similar to the mechanism under these Terms and Conditions and has an identical trigger level as set out in "Trigger Event".

§ 6

PAYING AGENT AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The function of the Paying Agent and Calculation Agent (each an **"Agent"**) shall be initially performed by the Issuer. The Specified Office (in Slovak: *platobné miesto*) is: Slovenská sporiteľňa, a. s., Tomášikova 48, 832 37 Bratislava, Slovak Republic.

Each of the Issuer and the Agent reserves the right at any time to change its respective specified office to some other specified office by publishing notice to the Holders.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to appoint an Agent, to change any appointed Agent or terminate appointment of any Agent. The Issuer shall at all times maintain a Paying Agent with a specified office in such place as may be required by the rules of its supervisory authority. The Issuer will give notice to the Holders of any variation, appointment or any other change as soon as possible upon the effectiveness of such change.

The Issuer undertakes, to the extent reasonably possible, to maintain a Paying Agent or perform the function of the Paying Agent by its own means in a member state of the European Union in which it shall not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

(3) *Agents of the Issuer.* The Agents (if appointed by the Issuer) act solely as agents of the Issuer and do not have any direct obligations or legal relationship towards 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 or manifest error) be binding on the Issuer, the Calculation Agent and the Holders and, in the absence of the aforesaid, no liability to the Issuer, 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. For the avoidance of doubt, this shall apply when the function of the Paying Agent is performed by the Issuer as well.

§ 7 TAXATION

Any income or gains under the Certificates will be taxed in accordance with applicable laws at the time of payment.

All payments by or on behalf of the Issuer in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature 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.

In that event, 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, except that no such Additional Amounts shall be payable with respect to any Certificate:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of its having some connection with the Slovak Republic other than the mere holding of the Certificate; or
- (b) presented for payment more than thirty (30) calendar days after the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Holders in accordance with § 9 that, upon further presentation of the Certificates being made, such payment will be made, provided that payment is in fact made upon such presentation, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Certificate for payment on the thirtieth (30th) such calendar day; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a Member State of the European Union; or
- (e) to, or to a third party on behalf of, a Holder if such withholding or deduction is required by any applicable Double Taxation Treaty or domestic law of the Issuer.

§ 8 PURCHASES AND CANCELLATION

(1) *Purchases.* The Issuer may at any time purchase Certificates at any price. Certificates purchased by the Issuer will be cancelled (due to their amalgamation in a single person). No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and provided that the redemption conditions set out in § 5 (6) are met.

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

**§ 9
NOTICES**

(1) *Notices of the Issuer.* Any notice to the Holders in connection with the Certificates will be (a) delivered to the Holders by hand, registered mail or courier, on a medium which allows reproduction of the notification in an unchanged form, or (b) published on the Issuer's website (www.slsp.sk); in each case in the English language (unless the Slovak language is required under law). If a law or regulation requires notification by other means, the notice will be made also by those other means. If a notice is made by several means, the date of such notice will be deemed to be the date on which the notice was made for the first time. In the case of publication on the Issuer's website, the date of publication is also deemed to be the date of delivery of the notice to the Holders; in all other cases the date of delivery is deemed to be the date of receipt of the notice by the addressee.

(2) *Notices Given by any Holder.* Notices regarding the Certificates which are to be given by any Holder to the Issuer shall be validly given if delivered in writing in the English or Slovak language to the Issuer or the Paying Agent (for onward delivery to the Issuer) and by hand, courier or registered mail. Together with the notice, the Holder shall provide evidence satisfactory to the Issuer of its holding of the Certificates in the form of a certificate or statement issued by the person maintaining the relevant securities account or in any other appropriate manner.

**§ 10
APPLICABLE LAW,
JURISDICTION AND LANGUAGE**

(1) *Applicable Law.* The Certificates and any non-contractual obligations arising out of or in connection with the Certificates are governed by, and shall be construed in accordance with, Slovak law, excluding its conflict of law rules.

(2) *Place of Jurisdiction.* The competent Slovak courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Certificates, including any disputes relating to any non-contractual obligations arising out of or in connection with the Certificates.

(3) *Language.* These Terms and Conditions are written in the English language. Any translation into Slovak or other language is not legally binding; only the English version is legally binding and it shall prevail. This clause is without prejudice to the provisions of the Slovak law that require sworn translation of the Terms and Conditions into Slovak language for the purposes of court or other proceedings in the Slovak Republic.

**§ 11
CHANGES AND WAIVERS**

The Issuer may change these Terms and Conditions only in accordance with Section 4a(8) of the Slovak Securities Act.

**§ 12
REPRESENTATION OF THE ISSUER**

The Issuer represents that all information in these Terms and Conditions of the Certificates is complete, true and in accordance with the requirements as to the contents of the Terms and Conditions under § 4a of the Slovak Securities Act.

Signatures of the Issuer:

RNDr. Vladimír Polhorský, PhD.
Proxy
Slovenská sporiteľňa, a. s.

Ing. Tomáš Pavlák
Proxy
Slovenská sporiteľňa, a. s.