



BASE PROSPECTUS DATED 1 JUNE 2020

Všeobecná úverová banka, a.s.

(incorporated as a joint stock company under the laws of the Slovak Republic)

EUR 5,000,000,000 Covered Bonds (*kryté dlhopisy*) Programme

This document constitutes a base prospectus (in Slovak: *základný prospekt*) (the **Base Prospectus**) for debt securities issued pursuant to the offering programme (the **Programme**), on the basis of which Všeobecná úverová banka, a.s., with the registered seat at Mlynské nivy 1, 829 90 Bratislava, the Slovak Republic, Identification number (in Slovak: *ICO*): 31 320 155, registered in the Commercial Register of District Court Bratislava I, Section: Sa, File No.: 341/B (VÚB or the **Issuer**) is authorised to issue covered bonds (in Slovak: *kryté dlhopisy*) (the **Bonds** or **CB**) in any currency. The total nominal value of all unpaid Bonds issued under the Programme must not exceed EUR 5,000,000,000 or the equivalent sum in any other currency. The Programme duration is 10 years, until 6 May 2023. The Base Prospectus does not apply to the conditions of other bonds issued by the Issuer outside the Programme.

The Bonds shall be issued in accordance with the laws of the Slovak Republic, in particular under Act No. 530/1990 Coll. on Bonds, as amended (the **Act on Bonds**), Act No. 566/2001 Coll. on Securities and Investment Services, Amending and Supplementing Certain Acts, as amended (the **Securities Act**) and under Act No. 483/2001 Coll. on Banks, Amending and Supplementing Certain Acts, as amended (the **Act on Banks**).

The Issuer prepared the Base Prospectus as a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**), pursuant to Commission Delegated Regulation (EU) 2019/979 supplementing the Prospectus Regulation with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 and pursuant to Article 25 and Annexes 6, 7, 14 and 15 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the **Delegated Regulation on Prospectus**). The Base Prospectus will be approved by the National Bank of Slovakia (the **NBS**) as the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation. The Base Prospectus will not be registered, authorised or approved by any authority of another state, except that the Issuer may request the NBS to notify the approval of the Base Prospectus to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) as the competent authority of the Grand Duchy of Luxembourg under the Prospectus Regulation or any other competent authority of another Member State of the European Economic Area (the **EEA**) for the purpose of admitting the Programme or Bonds to trading on a regulated market in that other Member State. The Base Prospectus is subject to subsequent publication pursuant to Article 21 of the Prospectus Regulation.

The NBS only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the NBS should not be considered as an endorsement of the Issuer or an endorsement of the quality of the Bonds that are the subject of this Base Prospectus.

The validity of this Base Prospectus will expire on 11 June 2021 in relation to Bonds which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. Anytime during the validity of the Base Prospectus, a supplement to the Base Prospectus (each, a **Supplement**) may be prepared in relation to the updating of the Base Prospectus and submitted to the NBS for approval. Once approved, the Supplement shall be published in accordance with the Prospectus Regulation.

The Issuer shall prepare and publish the final terms (in Slovak: *konečné podmienky*) for each Bonds issue (the **Final Terms**) under the Programme and a summary for each issue (the **Summary**), if the Summary is required under applicable law. The Final Terms will contain such parameters and conditions of Bonds issue, which are unknown at the time of preparation of the Base Prospectus and/or several variants of which are indicated in the Base Prospectus. The Final Terms and (if relevant) the Summaries shall be submitted to the NBS and published in accordance with the Prospectus Regulation, and will constitute, together with the Base Prospectus, as amended by later Supplements, the entire information about each issuance of the Bonds within the Programme.

The Issuer may apply for admission of the Bonds to trading on the regulated market of Luxembourg Stock Exchange (the **LSE**) or regulated free market (in Slovak: *Regulovaný voľný trh*) of Bratislava Stock Exchange (in Slovak: *Burza cenných papierov v Bratislave, a.s.*) (the **B SSE**), which are regulated markets for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (**MiFID II**), in each case in compliance with the respective legal regulations and the rules of the relevant stock exchange. The Issuer may also apply for admission of the Programme or Bonds to trading on the regulated market in another Member State of the EEA. Information about the regulated market to which the application for admission to trading will be submitted will be specified in the relevant Final Terms.

Banca IMI S.p.A., a bank organised as a joint stock company under the laws of the Republic of Italy, with the registered office at Largo Mattioli, 3, 20121 Milan, Italy (**Banca IMI**) will act as sole arranger and initial dealer for the Programme. For retail offers of the Bonds in the Slovak Republic, the Issuer itself may act as a dealer. Additional dealers may be appointed under the Programme from time to time either on a permanent basis or in relation to a single issuance or issuances of Bonds. However, the Issuer is solely responsible for the information in the Base Prospectus and Banca IMI, or any other dealers so appointed, have not verified and will not be responsible for any information in the Base Prospectus.

The Bonds issued under the Programme are expected to be rated by Moody's Investors Service Ltd (**Moody's**). The credit rating will be specified in the relevant Final Terms. Any credit rating of the Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the **CRA Regulation**). Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority (the **ESMA**) on its website in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Prospective investors should make their own assessment as to the suitability of investing in the Bonds. Investing in the Bonds involves risks. For a discussion of certain risks and other factors that should be considered in connection with an investment in the Bonds, see the section 2 headed "Risk Factors".

Other than in relation to the documents which are deemed to be incorporated by reference (see the section 4 headed "Documents Incorporated by Reference"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the NBS.

Sole Arranger
Banca IMI

Dealers
Banca IMI
Všeobecná úverová banka, a.s.

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1. GENERAL DESCRIPTION OF THE PROGRAMME

The following section contains a general description of the programme for the purposes of Article 25(1)(b) of the Delegated Regulation on Prospectus and, as such, does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular issue of the Bonds, the applicable Final Terms. Prospective purchasers of Bonds should carefully read the information set out elsewhere in this Base Prospectus prior to making an investment decision in respect of the Bonds.

PRINCIPAL PARTIES

Issuer	Všeobecná úverová banka, a.s. a bank established as a joint-stock company under the laws of the Slovak Republic, with its registered office at Mlynské nivy 1, 829 90 Bratislava, the Slovak Republic, identification no. (in Slovak: <i>IČO</i>): 31 320 155, registered in the Commercial Register of District Court Bratislava I, section: Sa, insert No.: 341/B, LEI: 549300JB1P61FUTPEZ75 (VÚB or the Issuer).
Sole Arranger	Banca IMI S.p.A., a bank organised as a joint stock company under the laws of the Republic of Italy, whose registered office is at Largo Mattioli, 3, 20121 Milan, Italy, incorporated with Fiscal Code number, VAT number and registration number with Milan Register of Enterprises No.: 04377700150, and registered with the Bank of Italy pursuant to Article 13 of the Banking Law under number 5570 ABI, part of the Intesa Sanpaolo Group, agreed into the <i>Fondo Interbancario di Tutela dei Depositi</i> , subject to the direction and coordination (<i>direzione e coordinamento</i>), pursuant to Article 2497-bis of the Italian Civil Code, of the sole shareholder Intesa Sanpaolo S.p.A. (Banca IMI and the Arranger).
Calculation and Paying Agent	Všeobecná úverová banka, a.s.
Dealers	As of the date hereof, Banca IMI (the Dealer), and any entity so appointed by the Issuer in accordance with the terms of the Dealer Agreement (such Dealer Agreement as modified and/or supplemented and/or restated from time to time, the Dealer Agreement) dated on or about the date of approval of this Base Prospectus. For retail offers in the Slovak Republic, the Issuer itself may act as a Dealer. Such domestic retail offers will not be governed by the terms of the Dealer Agreement.
Luxembourg Listing Agent	Intesa Sanpaolo Bank Luxembourg S.A., a public limited liability company (<i>société anonyme</i>), incorporated under the laws of the Grand Duchy of Luxembourg as a credit institution, having its registered office at 19-21, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and registered with the Register of Trade and Companies of Luxembourg under number B. 13.859 (the Luxembourg Listing Agent).
Administrator of the covered bonds programme	The Act on Banks requires that the NBS appoints an independent individual as an administrator (in Slovak: <i>správca</i>) overseeing certain aspects of the covered bonds programme as well as his/her deputy. The NBS has appointed Mr. Rudolf Šujan as the administrator and Ms. Judita Bischofová as the deputy administrator of the covered bonds programme of the Issuer. The administrator is required <i>inter alia</i> to prepare a written certificate evidencing that the coverage of the Bonds is secured in accordance with the Act on Banks and that an entry in the Register of Covered Bonds has been made prior to any issue of the Bonds. The administrator also verifies whether the Issuer discharges its obligations arising from the Bonds in compliance with the applicable legislation.
Rating Agency	Moody's Investors Service Ltd (Moody's or the Rating Agency).

Ownership or control relationships between the principal parties VÚB as the Issuer, Banca IMI as the Arranger and Dealer and Intesa Sanpaolo Luxembourg as the Luxembourg Listing Agent all pertain to the Intesa Sanpaolo Group.

THE COVERED BONDS AND THE PROGRAMME

Programme Description EUR 5,000,000,000 Covered Bonds Programme under the laws of the Slovak Republic

Programme Amount Up to EUR 5,000,000,000 (and for this purpose, any Bonds denominated in another currency shall be translated into Euro at the date of the agreement to issue such Bonds) in aggregate principal amount of Bonds outstanding (the **Programme Limit**).

Distribution of the Bonds The Bonds may be distributed on a syndicated or non-syndicated basis, in each case only in accordance with the relevant selling restrictions.

Bonds may be sold from time to time by the Issuer to Banca IMI, and/or each Dealer designated as such under the Dealer Agreement. The arrangements under which Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in the Dealer Agreement. The Dealer Agreement provides for, inter alia, an indemnity to the Dealer against certain liabilities in connection with the offer and sale of the Bonds. The Dealer Agreement also provides for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular issuance. The Dealer Agreement contains, inter alia, stabilising provisions.

Some issues of the Bonds may be offered to the public in the Slovak Republic, domestic market of the Issuer; the Issuer may act as a Dealer in connection with such offers.

Selling Restrictions The offer, sale and delivery of the Bonds and the distribution of offering material in certain jurisdictions is subject to certain selling restrictions. Persons who are in possession of this Base Prospectus are required by the Issuer, the Dealer and the Sole Arranger to inform themselves about, and to observe, any such restriction. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **U.S. Securities Act**). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Base Prospectus and the offer or sale of Bonds in the EEA (including the United Kingdom).

For a description of certain restrictions on offers and sales of Bonds and on distribution of this Base Prospectus, see the section 11 of the Base Prospectus, headed "*Subscription and Sale*" below.

Currencies The Bonds may be denominated in any currency, specified in the applicable Final Terms, as may be agreed between the Issuer and the Relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, in which case the Issuer may enter into certain agreements in order to hedge *inter alia* its currency exchange exposure in relation to such Bonds. Payments in respect of Bonds may, subject to such compliance, be made in or linked to, any currency other than the currency in which such Bonds are denominated.

Nominal Value The Bonds will be issued in such nominal values as may be specified in the relevant Final Terms, subject to compliance with all applicable legal or regulatory or central bank requirements.

Minimum Denomination The minimum denomination (i.e. the Nominal Value, in Slovak: *menovitá hodnota*) of each Bond will be EUR 100,000 (or, where the Bonds are issued in

	a currency other than euro, the equivalent amount in such other currency), except that issues of the Bonds offered to the public in the Slovak Republic may be issued with minimum denomination lower than EUR 100,000. The denomination of each Bond issuer will be specified in the relevant Final Terms.
Issue Price	Bonds may be issued at an issue price which is at par or at a discount to, or premium over, par, as specified in the relevant Final Terms.
Issue Date	The date when the Bonds issue is commenced will be specified in the relevant Final Terms.
Interest Payment Date	The date specified in the Final Terms of the issue on which the interest is payable. Should the payment day fall on a day other than a Business Day, the payment date shall be the next Business Day immediately following non-Business Day. In such case, there will be no entitlement to additional interest or any other appreciation.
Final Terms	Specific final terms will be issued and published prior to each issue of the Bonds detailing certain relevant terms thereof. The combination of Part A (Common Terms) of section 8 in this Base Prospectus and the Final Terms will form the terms and conditions of each specific issue of the Bonds under the Programme. The Final Terms must be read in conjunction with the Base Prospectus.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Bonds issued under the Programme and risks relating to the legal features of the Bonds issued under the Programme. All of these are set out in section 2, headed "Risk Factors" below.
Maturity Date	The final maturity date of the Bonds (the Maturity Date) will be specified in the relevant Final Terms, and in any event the determination of the Maturity Date will be subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulatory body or by any laws or regulations applicable to the Issuer.
Form of Bonds	<p>The Bonds are covered bonds (in Slovak: <i>kryté dlhopisy</i>) issued as book-entered securities (in Slovak: <i>zaknihované cenné papiere</i>) in bearer form (in Slovak: <i>vo forme na doručiteľa</i>) governed by Slovak law.</p> <p>No global certificates, definitive certificates or coupons will be issued with respect to any Bonds.</p>
Types of Bonds	<p>In accordance with the Terms and Conditions, the Bonds may be Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds, depending upon the Interest Basis specified in the applicable Final Terms.</p> <p>The Bonds may be repayable in one or more instalments depending on the repayment conditions specified in the applicable Final Terms.</p> <p><i>Fixed Rate Bonds:</i> Fixed interest will be payable on such date or dates and will be calculated on the basis of such Convention as set out in the applicable Final Terms.</p> <p><i>Floating Rate Bonds:</i> Floating Rate Bonds will bear interest at a rate determined on the basis of the Reference Rate and Margin set out in the applicable Final Terms.</p> <p><i>Other provisions in relation to Floating Rate Bonds:</i> Interest on Floating Rate Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such Convention, as set out in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be set out in the applicable Final Terms.</p>

	<p><i>Zero Coupon Bonds:</i> Zero Coupon Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.</p>
Redemption of the Bonds	<p>The applicable Final Terms will indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity or that such Bonds will be redeemable at the option of the Issuer upon giving notice to the Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as will be set out in the applicable Final Terms.</p> <p>The applicable Final Terms may also indicate that the Bonds will be redeemable at the option of the Issuer for taxation reasons.</p> <p>The Bonds will not be redeemed early at the option of the Bondholders under any circumstances.</p>
Taxation	<p>Payments in respect of the Bonds to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by any relevant jurisdiction, unless such deduction is required by law.</p> <p>The applicable Final Terms may indicate that in case any such deduction or withholding is made, the Issuer will, save in certain limited circumstances, (such as in case deduction or withholding would be required to be made pursuant to the relevant applicable double tax treaty or the laws of the relevant jurisdiction), be required to pay additional amounts to cover the amounts so deducted.</p> <p>All payments in respect of the Bonds will be made subject to any withholding or deduction required pursuant to FATCA.</p>
Negative Pledge	<p>The terms of the Bonds will not contain any negative pledge provision.</p>
Cross Default	<p>The terms of the Bonds will not contain any cross default provision.</p>
Status of the Bonds	<p>Obligations from the Bonds constitute direct, general, secured (covered, in Slovak: <i>kryté</i>), unconditional and unsubordinated liabilities of the Issuer which rank <i>pari passu</i> among themselves and always rank at least <i>pari passu</i> with any other direct, general, similarly secured (covered, in Slovak: <i>kryté</i>), unconditional and unsubordinated liabilities of the Issuer, present and future, save for those obligations of the Issuer as may be stipulated by mandatory provisions of law.</p>
Rating	<p>The Bonds issued under the Programme may be assigned a rating by the Rating Agency. Any such rating will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation and will be specified in the relevant Final Terms.</p>
Approval of the Base Prospectus	<p>This Base Prospectus has been approved by the NBS as a base prospectus drawn up in compliance with the Prospectus Regulation.</p>
Listing and admission to trading	<p>The Issuer may apply for admission of the Bonds for to the official list and to trading on the regulated market of Luxembourg Stock Exchange (the LSE) or regulated free market (in Slovak: <i>Regulovaný voľný trh</i>) of Bratislava Stock Exchange (in Slovak: <i>Burza cenných papierov v Bratislave, a.s.</i>) (the BSSE) or other stock exchanges or markets agreed between the Issuer and relevant Dealers and in each case as will be specified in the relevant Final Terms.</p> <p>The applicable Final Terms will state whether or not the relevant Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Settlement	<p>The primary settlement of the Bonds will be in each case through Slovak Central Securities Depository (in Slovak: <i>Centrálny depozitár cenných papierov SR, a.s.</i>).</p> <p>The Bonds may also be settled and held through international central depositories such as Euroclear or Clearstream through their bridge accounts or links maintained with the Slovak Central Securities Depository.</p>

Governing Law

The Bonds, the Programme and any non-contractual obligations arising out of or in connection with the Bonds and the Programme will be governed by, and shall be construed in accordance with, Slovak law.

The Dealer Agreement will be governed by, and shall be construed in accordance with, English law.

2. RISK FACTORS

Investment in the Bonds is associated with certain risks. Prior to making any investment decision with regard to the Bonds, each potential investor should take the following risk factors and other investment factors into careful consideration and deciding on the basis of the information provided in this Base Prospectus and relevant Final Terms, Summaries and Supplements, which may be prepared in the future, as well as on the basis of information in documents referred to in section 4 headed "Documents Incorporated by Reference".

Each of the risk factors mentioned below may have a significant impact on the financial results of the Issuer and/or its ability to perform its obligations pursuant to the Bonds.

The following overview of risks cannot be regarded as a final one and the Issuer does not guarantee that there are no other risks, apart from the following risk factors, which may have an impact on the Issuer and/or the Bonds issued by the Issuer. Future investors should therefore make their own independent assessment of all risk factors and consider all the other parts of this Base Prospectus. The risk factors provided hereunder may have an impact on the ability of the Issuer to perform its obligations pursuant to the Bonds.

The risk factors are presented in a limited number of categories depending on their nature. The risk factors described below are lined up according to materiality, so that in each category the most material risk factors are mentioned first.

2.1 Risk Factors Relating to the Issuer

Prospective investors are invited to carefully read this section on the risk factors before making any investment decision, in order to understand the risks relating to the Issuer and obtain a better appreciation of the Issuer's abilities to satisfy the obligations related to the Bonds issued and described in the relevant Final Terms. The Issuer deems that the following risk factors could affect the ability of the same to satisfy its obligations arising from the Bonds.

Risk factors relating to the Issuer have been classified into the following categories:

- (i) macroeconomic risk factors affecting the Issuer;*
- (ii) market and client sector risk factors affecting the Issuer;*
- (iii) risk factors associated with the Issuer's financial situation and creditworthiness;*
- (iv) legal and regulatory risk factors associated with the Issuer; and*
- (v) risk factors associated with the Issuer's operations and internal controls.*

Macroeconomic risk factors affecting the Issuer

The Issuer may be adversely affected by global financial and economic crises including the Eurozone sovereign debt crisis, the risk of one or more Member States leaving the European Union or the Eurozone and other negative macroeconomic and market factors

The business performance of the Issuer will be affected predominantly by the overall performance of the Slovak economy. A very high degree of openness of the Slovak economy predisposes it to have a high sensitivity to development of the external macroeconomic environment. If the global economy is favourable, the openness results in high growth potential; however, conversely such openness may affect the economy negatively in case of external macroeconomic adversity. Foreign demand thus has become the decisive factor for the performance of the domestic economy where the Issuer conducts its business.

In recent years, the European economy has grown steadily, providing a positive backdrop for Slovak exports. Growth was also supported by the increase in domestic consumption and investments. Consumption growth is owed primarily to the improvement of consumer confidence amidst historically low unemployment. The Investment upturn meanwhile is owed both to private enterprises responding to the need to address tight production capacities, and public infrastructure projects, largely funded by EU subsidies. Growth of the Slovak economy in recent years has significantly exceeded the average of the Eurozone and as well as the European Union.

As of spring 2020, however, the global and EU macroeconomic environment has become negative and highly uncertain amidst the COVID-19 pandemic. According to the April 2020 World Economic Outlook by the IMF, the global economy will contract sharply, by -3%, which will be a worse outcome than during the 2008-9 financial crisis. The trajectory of the recovery from this contraction is uncertain and dependent on the contagion of the pandemic. Provided it fades in the second half of 2020, the global economy is foreseen by the International

Monetary Fund (IMF) to grow in 2021 quite smartly, by 5.8% in the baseline scenario as economic activity normalizes, helped by policy support. Other observers though are less positive and foresee instead a prolonged U recovery at best. Even the IMF admits that the risks to their baseline scenario for even more severe outcomes are substantial.¹

Against this pandemic-affected global backdrop, the prospects for the small and open Slovak economy are also highly uncertain. Due to the lockdown commenced in early March, economic activity ran in April at only 70% of the pre-COVID-19 levels. As the lockdown measures are set to gradually unwind and shut economic activities have been allowed to reopen from early May onwards, growth is nonetheless gradually forecast to resume recovering. The Institute of Financial Policy (IFP) at the Ministry of Finance assumes that the 30% output gap in early 2Q 2020 will decrease to 10% by 3Q 2020 and 5% by 4Q 2020, respectively. Overall the baseline scenario of the IFP foresees GDP to decline in 2020 by 7.2%, followed by growth in 2021 by 6.8%, respectively. NBS foresees even a steeper recession in 2020, -9.3% in the most likely scenario, but likewise predicts a smart recovery in 2020, with real GDP growing 8%.

In either case, 2021 recovery will probably not recoup all losses incurred during 2020, with employment and investment spending lagging the rebound. Also, rebuilding supply chains could prove cumbersome, especially as some of Slovakia's key trading partners will be in longer lockdowns. At the same time, though, thanks to the forthcoming massive government support aimed at preserving jobs (e.g. *kurzarbeit* programs), the unemployment rate should not increase as steeply as it did in 2008-9 crisis. Both the IFP and NBS foresees jobless rate to peak at the rate of 8-9% in 2021 from 7-8% in 2020 and historic low of 5-6% in 2019, respectively. Meanwhile, the loan moratorium agreed between banks and the government to offer retail borrowers up to 9-month suspension of loan instalments could help indebted households to bridge the crisis period with less harm than ten years ago.

Clearly though, uncertainty is unprecedented, including as a result of the risk of subsequent waves of the COVID-19 infection, and consumer confidence, local and global, crucial to the growth outlook, will likely be suppressed for a longer time than the duration of lockdown. Besides, the pandemic initiated many structural changes in consumer behaviour, which might affect banking business. In the short term, for example, in response to the COVID-19 crisis, Slovak households deliberately reduced spending, in some consumer segments nearly completely. Overall nearly two-thirds of households have now cut their spending. Less consumption at this stage means more saving - both compulsory, as there is less room to spend with shops closed, and voluntary, as people hoard liquidity amidst increasing uncertainty. According to the IFP's assumptions, gross savings is set to increase in 2020 by 70% over 2019, and the saving rate is forecast to accordingly increase to a record-high, over 17%, from 10% in 2019.² To be sure, the saving rate is likely to decline thereafter as consumer behaviour returns to some normalcy once the epidemic subsides. The savings rate nonetheless is forecast to stabilize at 12%, much higher than in the past, matching the Eurozone average.

On the credit side, it is necessary to observe that Slovak households have much bigger debt than in 2009. Debt as a share of household income doubled, from 35% ten years ago to over 70% now. Slovakia thus moved from the least to the most indebted country in CEE region. Share of indebted people in population meanwhile increased from 26% to 37% by 2017 and likely close to EU average of 42% by now. For young and average-earners, indebtedness measured by the ratio of debt-to-income even exceeds Eurozone average.

The nominal level of debt is below the EU average, along with the healthiest EU economies. And most importantly, servicing bigger debt has not been a problem hitherto thanks to the plunge in interest rates in recent years and the rise in income over the past decade. Based on HFCS data collected by the NBS/ECB, this holds generally, and even for the most indebted Slovak households. Indeed, the ratio of debt service to income for the median Slovak households with debt payments was 11.3% in the latest HFCS survey compared to Eurozone average of 13%, respectively. For the 10% most indebted households with debt payments, this ratio was 27% vs Eurozone's 34%, respectively. Nonetheless, the interest rate risk should not be significant, with the ECB staying supportive in purchasing large volumes of debt instruments in the years to come. However, there is no guarantee that such measures of the ECB will have a successful outcome.

Credit-risk wise, high indebtedness will be offset by loan moratorium implemented until the end-2020. The Issuer believes that after the end of the moratorium, the increase in NPLs will be manageable in the baseline scenario of a relatively short-term duration of the crisis and a relatively small increase in unemployment. Surely,

¹ Report "World Economic Outlook, April 2020: The Great Lockdown", published by International Monetary Fund, available at: <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

² Policy brief „Koronavírus „nakazi“ aj slovenskú ekonomiku. Makroekonomická prognóza na roky 2020 – 2023“, published by Institute for Financial Policy, available at: <https://www.mfsr.sk/sk/financie/institut-financnej-politiky/ekonomicke-prognozy/makroekonomicke-prognozy/51-zasadnutie-vyboru-makroekonomicke-prognozy-april-2020.html>.

some segments, particularly young, poorer, and single might be vulnerable from the debt-servicing point of view. Yet, the Issuer still finds good spots to remain strong in the retail lending business, particularly in the under-leveraged, income rich segments, and households of parents in their 40s and early 50s.

On the fiscal front, clearly, the offshoot of massive fiscal support to fight the COVID-19 and its economic fallout will balloon Slovak public deficit and debt, inasmuch as elsewhere in Europe. Compared to the richer EU countries, however, the size of Slovak public support relative to GDP will likely be less generous. And besides, amidst the COVID-19 pandemic, EU authorities will surely overlook surpassing of fiscal targets. And importantly, note that Slovakia has a new government now, which came to power after the February 29 parliamentary elections. The coalition is formed by mostly fiscally responsible, pro-market parties led by former businessmen and anti-corruption activists, which place fiscal responsibility at the top of their agenda. Critically, the four-party ruling coalition governs a constitutional majority of 95 votes in the 150-seat Slovak parliament, which should give it a sufficient leverage to implement a credible path to steer fiscal parameters to a sustainable path once the COVID crisis fades.

On 29 March 2017, the United Kingdom (UK) invoked Article 50 of the Lisbon Treaty and officially notified the European Union (EU) of its decision to withdraw from the EU. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the EU (the **Article 50 Withdrawal Agreement**). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law and provide for continuing access to the EU single market, until the end of 2020.

Before the advent of UK's final and definitive withdrawal from EU the Issuer had experienced an increased demand from its UK business counterparts for re-directing certain commercial activities onto their existing or newly established affiliate companies with presence in EEA region. Given the predominant cross-border (UK-related) element in the respective activities, the mostly affected were the Issuer's derivatives, correspondent banking and foreign exchange settlement operations, including procurement relations with the Issuer's external vendors. While finding ways to minimize risks of encountering potential legal constraints resulting from UK becoming third country to EU along with a persistent interest to continue servicing European clients after Brexit, the affected UK companies mostly re-established or transferred their existing and future operations to their EU-domiciled affiliate entities incorporated in Germany, France or Netherlands. In response to these measures the Issuer adopted preventive action and contingency plan to avoid any suspension in trading or operational activity in post-Brexit situation. The plan defined critical target activities to be performed and relevant timelines, including among others, swift on-boarding of new non-UK clients, terminating existing deals or transferring them to new counterparties, repapering work in relation to existing contracts. Even though the action plan outlined several different approaches how to deal with the post-Brexit impacts, save for implementation of the operational set-up with new non-UK customers and the requirement of booking novelty deals on such new entities, up to this date the Issuer has not encountered in practice any other immediate Brexit-related effects on its business operations or other commercial activities.

Impact of COVID-19 pandemic on the Issuer

The economic impact of the COVID-19 pandemic together with higher expected risks costs may affect the Issuer's profitability. It is expected that the Issuer will be facing growth in NPLs and given the limits on initiating any enforcement actions against its defaulting obligors the total amount of proceeds from realization of pledged assets may decline. Considering further course and development of COVID-19 pandemic and continuation of the government's measures on social distancing (even though most of them will soon be relaxed or applied on a recommended basis), the Issuer may still be facing downward trends in gross sales of those categories of products which are primarily distributed via traditional branch network where selling strategy is based on personal contact with its customers. On the other hand, challenges brought by the pandemic may force the Issuer to leverage as much as possible the potential of existing or new online technologies or other tools for direct communication since they can completely redefine and transform current operational, work organization and client servicing models and contribute to the spread of more cost-effective marketing and servicing practices based on enhanced automation and digitalization. These changes may affect financial position of the Issuer as implementation of new tools and processes is likely to produce additional fixed costs at its initial phase. Furthermore, immediate reaction of financial markets to the COVID-19 outbreak which triggered downturn trends in stock prices affected also the behaviour of the investors with funds invested in various share-linked products (e.g. mutual funds, ETFs, ETCs). The Issuer performs distribution in respect of several third parties' mutual funds and these circumstances may affect its revenue position relating to these activities due to increased level of disinvestments by unitholders and potential investors seeking alternative opportunities in other "safe harbour" investments like term deposits or bonds. On the other side, higher redemption rates create opportunities for the Issuer to mitigate revenue gaps

by focusing more on household deposit creation and distribution of mutual funds with more moderate or conservative investment strategies.

The Slovak Parliament has adopted several legislation measures in connection with COVID-19 pandemic situation (the **Slovak COVID-19 Emergency Legislation**), some of which have negative impact on the financial situation, revenues and prospects of the Issuer and its banking business.

In particular, consumers and small and medium enterprises (SMEs) may request the Issuer for stay on repayment of either loans principal or both loans principal and interest owed to the Issuer (as a Slovak bank) for up-to 9 months. Legislation further prohibits acceleration of loans during the term of stay. The borrowers are generally entitled then to apply for a stay anytime during the pandemic situation. The reliefs granted to the consumers and/or SMEs thereunder may have an impact on the business of the Issuer. There is a risk that number of debtors may be in default after expiration of a moratorium and the Issuer will have to incur additional costs connected to enforcement of its claims or with creating debt adjustments or restructurings.

In addition, each individual or corporate (other than financial institutions) may request a court to grant so-called temporary protection (the **Moratorium**). The Slovak market generally anticipates that number of entities are (or may become) eligible to request for Moratorium and/or it could be applied for rather speculative reasons. The main effect of granting the Moratorium include:

- (a) no enforcement of pledge against an entity subject to Moratorium in relation to its enterprise, asset, right or other property value belonging to its enterprise;
- (b) bankruptcy proceedings and enforcement proceedings (executions) initiated after 12 March 2020 are suspended for the term of Moratorium;
- (c) after declaring Moratorium, the counterparty may not terminate the contract, withdraw from the contract or refuse performance under the contract for a delay, which arose between 12 March 2020 and 12 May 2020 and caused by the consequences of spread of COVID-19.

The Moratorium may last until 1 October 2020 but can be prolonged by the government until the end of 2020. Although the law allows creditors (including the Issuer) to apply for cancellation of the Moratorium, given the slow-down in court proceedings and relative shortness of time for which the Moratoriums will be in place, it is reasonable to expect that the courts will not be prompt to deal with any application made in relation to cancellation of a Moratorium and will most likely rely on soon-to-be statutory expiration of the same. It is also hard to predict what the impact on the Issuer's obligors (and in consequence on the Issuer and its business) will be after termination of Moratorium as significant number of them may still face financial difficulties and may end up insolvent and subject to bankruptcy or restructuring proceedings. This could have negative impact on the Issuer, its business and its financial condition.

Despite relatively limited impact of the COVID-19 situation on public health in the Slovak Republic, compared to some other European countries, the economic impact may be significant and further legislative measures affecting the rights of the creditors cannot be excluded. Any such legislative measures prolonging or broadening the restrictions on enforcement of the rights of the creditors may also have negative impact on the Issuer, its business and its financial condition.

Market and client sector risk factors affecting the Issuer

The Issuer is exposed to credit risk of its clients, mostly borrowers but also trading counterparties

The Issuer, as well as whole banking and financial services sector, may be negatively influenced by a number of factors such as the general market conditions, performance of financial markets, level of interest rates, fluctuations of exchange rates, legislative changes as well as regulation changes made by the central banks. Deterioration of the market situation may negatively influence the demand for products and services offered by the Issuer. A negative development of those factors may also endanger the ability of clients to repay their obligations, which may have a negative impact on the Issuer and may potentially represent a risk of non-performance of obligations by the Issuer. The economic and financial activity and soundness of the Issuer depends also heavily on the degree of credit reliability of its clients. Therefore, the clients' breach of the agreements entered into and of their underlying obligations, or any lack of information or incorrect information provided by them as to their respective financial and credit position, could have negative effects on the economic and/or financial situation of the Issuer.

The Issuer's interest income and revenues from its investment portfolios are exposed to the interest risk

Issuer's interest rate risk exposure is at any time impacted by the number of scenarios including:

- (a) changes in the overall level of interest rates;
- (b) changes in the relationships between the main market rates (baseline risk);
- (c) changes in the slope and shape of the yield curve (curve risk);
- (d) changes in the liquidity of the key financial markets or in the volatility of market rates in different currencies;
- (e) consolidation of exposures on the basis of the different correlations between currencies; and
- (f) stress on behavioural models.

Despite the fact that the Issuer applies policies for hedging and mitigating interest rate risk to protect the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve, and to reduce the volatility of future cash flows related to a particular asset/liability, interest rates are highly sensitive to many factors which cannot be controlled by the Issuer and interest rate fluctuations may negatively affect the Issuer's net interest income.

Competition on the Slovak banking market

The banking and financial services sector of CEE, and in the Slovak Republic in particular, are becoming increasingly saturated and accordingly the Issuer may encounter rising competition from both local and global financial institutions. This has led to reduction in rates on loan products and thus putting pressure on the net interest rate margin of the banks. The Slovak banking market is currently highly concentrated and though there are few competitors of comparable size and similar scope of business to the Issuer, the Issuer may also face increased competition from less well-established banks and financial institutions or new entrants seeking to penetrate the market by offering more attractive interest or deposit rates for loans and pursuing other aggressive pricing strategies.

The Issuer is exposed to the risk of decline in the value of real estate used as collateral to cover the Issuer's receivables

Commercial and residential real estate prices have declined in the past reflecting economic uncertainty. Developers were forced to cease or delay the development of planned projects due to a lack of customers, or as a result of declining values of real estate used as security they were unable to obtain financing for the development of these projects. These circumstances resulted in a decline of residential and commercial real estate prices. Although the current real estate market in the Slovak Republic appears to be stable and not substantially affected by COVID-19 pandemic, the Issuer's commercial and residential loan portfolios may suffer losses if property values decline in the future or, if as a result of deficiencies in the collateral management, the value of the security proves to be insufficient. The potential increasing unemployment rate could also lead to an increased number of non-performing loans and losses arising from commercial and consumer loans unrelated to real estate. If these risks were to materialise, it could have an adverse effect on the Issuer's business, financial position, results of activities and prospects.

Abovementioned risk concerns generally the value of the mortgages created in favour of the Issuer as a pledgee and creditor to secure repayment of the loans provided by it.

Potential decline of residential real estate prices may specifically affect value of the cover pool and the cover ratio of the Bonds. However, pursuant to the statutory requirements, the cover ratio cannot fall below 105% of the value of the covered liabilities (see also the risk "*In exceptionally adverse Issuer's bankruptcy situation the cover pool assets may not be sufficient to fully cover all liabilities under the Bonds*").

Risk factors associated with the Issuer's financial situation and creditworthiness

Liquidity risk

Liquidity risk is the risk of inability of the Issuer to perform its obligations duly and on time. The Issuer may be exposed to a drawdown of unused committed credit lines of its customers or increase of delinquency on the customer loans, which could lead to the deterioration of the liquidity situation of the Issuer as increased requirement of funding would not have to be secured in sufficiently and timely manner. Increase of spreads

together with rating downgrade may cause negative revaluation of assets used as a collateral. Important part of deposits are corporate deposits. The Issuer may face the concentration risk on the corporate deposits, caused by immediate withdrawal of funds during crisis or increase of reputational risk leading to the bank run. Due to Slovakia's highly open economy, the liquidity of the Issuer may be threatened by slowdown of the global macroeconomic cycle and impacts of current pandemic situation on global economy. The potential increase of unemployment rate could cause the customer savings to be touched. If this risk was to materialise, the Issuer's deposit base would decrease subsequently.

Rating of the Issuer

The rating assigned by Moody's as of date of the Base Prospectus does not represent all risks and therefore such situation may happen, that may lead to losses of the Issuer and consequently impact the financial results of Issuer, or its ability to fulfil its obligations arising from the Bonds. Assigned rating valuation represents the opinion of the rating agency on the creditworthiness of the Issuer. A rating of the Issuer can be downgraded, interrupted or withdrawn, which may lead to limitation of access to financing resources of the Issuer and consequently to higher refinancing costs. In general, negative changes in the local and international economic environment, inflation, consumption of households and businesses, recession, unemployment, limited credit possibilities and other factors outside an investor's as well as the Issuer's control may have a negative impact on the Issuer's performance, value of investment portfolio, as well as market value of securities issued by the Issuer.

The Issuer is exposed to the risks that are affecting the whole Intesa Sanpaolo Group

The Issuer is a member of the Intesa Sanpaolo Group. As with other Slovak banks that are members of international groups, there are significant links between the Issuer and its shareholder and the entire Intesa Sanpaolo Group, be it intra-group financing, access to human and other resources and know-how, technology sharing and development or reporting. Therefore, the Issuer may be materially adversely affected by the risks related to the business of the Intesa Sanpaolo Group and the markets in which it operates, including mainly:

- Similarly as the Issuer itself (see the risk factor *The Issuer may be adversely affected by global financial and economic crises including the Eurozone sovereign debt crisis, the risk of one or more Member States leaving the European Union or the Eurozone and other negative macroeconomic and market factors*), the entire Intesa Sanpaolo Group has been and may continue to be adversely affected by global financial and economic crises, including the Eurozone sovereign debt crisis, the risk of one or more Member States leaving the European Union or the Eurozone and other negative macroeconomic and market environments, currently also due to the economic and legal effects of the COVID-19 pandemic spread. The Intesa Sanpaolo Group is particularly exposed to these risks in its Italian domestic market and in other European markets where its activities are geographically concentrated.
- Same as every banking group, the Intesa Sanpaolo Group faces credit risk (risk of default) due to economic downturn or even regulatory interventions. In addition to that, the Intesa Sanpaolo Group faces further risks common for activity in the banking sector, such as new and tightening regulatory requirements (not only under European Union law but also other countries) and market risks, which include an environment of low interest rates and pressure on credit margins. As several countries where Intesa Sanpaolo Group conducts business are outside the Eurozone, the group also faces significant currency risk and adverse exchange rate movements or exchange rate volatility may result in a sudden deterioration in loan portfolio quality or value, assets value, losses from open foreign exchange positions or other adverse effects on the financial position and results of the Intesa Sanpaolo Group.
- Some of the Intesa Sanpaolo Group's markets, especially those outside the European Union, are emerging markets with a relatively unstable legal and economic environment, poor law enforcement, unstable regulation and a relatively high risk of sudden and adverse government interventions, such as foreign exchange controls, interest rate caps, forced conversion of loans into domestic currency, moratoriums on repayment of liabilities and the like.
- The Intesa Sanpaolo Group is exposed to risk arising from litigation proceedings conducted by or directed against the group and also other risks, such as loss of ratings, reputational and operational risk, and the risk of the obligation to finance government budget consolidation programs, including through the introduction of banking taxes and other fees.

The Issuer cannot affect these and other risks at the level of the Intesa Sanpaolo Group, despite that, if the Intesa Sanpaolo Group was adversely impacted, although only on a reputable level, this may have an adverse effect on the financial position, results and business of the Issuer.

Legal and regulatory risk factors associated with the Issuer

Regulatory requirements

The financial sector in which the Issuer operates is considered one of the most regulated industry environments. The Issuer is a regulated credit institution and it has been enlisted among other systemically important institutions in the EU (O-SIIs). The Issuer is thus considered a systemically important financial institution for Slovak banking sector and economy. The part of the Issuer's share capital represent shares that are publicly traded on a regulated market of the Bratislava Stock Exchange, the only Slovak stock exchange. The Issuer is subject to a regulatory supervision of national and European regulatory authorities, especially its activities are under direct supervision of the National Bank of Slovakia, European Central Bank and the European System of Central Banks. The regulatory landscape applicable to the Issuer has a significant impact on its business practices, strategy, risk profile, operational mode, resources and the ability to promote further growth and profitability. The last global financial crisis has led to the increase of national and international regulation with the aim to adopt new and to toughen existing rules for financial sector, in which the Issuer is active. This regulation could influence the financial sector and new requirements and changes in the area of capital adequacy, liquidity and leverage effect could lead to the increase of requirements on capital and liquidity. Other measures include regulatory tools that allow relevant authorities to intervene in scenarios of distress or the central governments to introduce policies that strengthen fiscal position and public finance through participation in the common system of financial transaction tax in the Eurozone.

New requirements and changes related to the sufficient capitalisation and further indicators

The response to the financial crisis in Europe is significantly higher regulation of the European banking sector. The key document is the so-called CRR/CRD IV (Capital Requirements Directive and Regulation) package, by which the European Commission implemented the standards of the Bank for International Settlements known as Basel III. CRD IV regulates the bank's capital requirement and introduces the maintenance of capital buffers and new requirements regarding liquidity, leverage and other risks of banks. Last year, a legislative package was adopted, which changes and amends many existing provisions set out in the CRD IV, CRR, BRRD and the SRM Regulation. These proposals were published in the Official Journal of the EU on 7 June 2019, entering into force 20 days after, even though most of the provisions will apply as of 2 years from the entry into force, i.e. after the 28 June 2021. The key changes are (i) more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk and exposure to central counterparties; (ii) a binding leverage ratio to prevent excessive leverage of institutions; (iii) a binding net stable funding ratio to address over-reliance on short-term funding; and (iv) the total loss absorption capacity requirement (**TLAC**) for systemically important banks and other credit institutions.

The substantial impact on the banking sector has also been the stress testing of the European Central Bank, first realised in 2014.

As a result of the adoption and ongoing implementation of these measures, the Issuer is exposed to additional requirements for capital adequacy (e.g. in the form of capital buffers) and fulfilment of other indicators (e.g. in the area of liquidity). In addition, these requirements may impose additional costs and obligations on the Issuer, as a result of which the Issuer will have to change its business strategy or may have other negative impact on its business, products and services offered and also on the value of its assets. The Issuer may not be able to increase its capital or eligible liabilities sufficiently and in time. If the Issuer is unable to meet regulatory capital adequacy requirements or eligible liabilities, or other indicators, its credit rating could be downgraded and the cost of its financing could be increased and/or competent authorities could impose fines, sanctions or other regulatory measures. Such circumstances would have a material adverse effect on the Issuer's business, financial condition and results.

Legislation on the recovery and resolution of bank crises

The Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 Establishing a Framework for the Recovery and Resolution of Credit Institutions and Investment Firms (Bank Recovery and Resolution Directive, **BRRD**) should also contribute to the stability of the banking sector. BRRD has been implemented in the Slovak Republic by the Act No. 371/2014 Coll. on resolution in the financial market and

amending certain laws (the **Slovak Resolution Act**). This law contains a framework for recovery and resolution of crisis situations of credit institutions and requires the institutions to prepare “recovery plans” setting out agreements and measures that may be used in case of material deterioration of financial institution’s position to recover its long-term operations. The Issuer, as a significant bank, is also affected by the Single Resolution Mechanism (SRM), which has been in force since January 2016. Its role is to centralize key competencies and resources for management of credit institution default in the participating Member States of the Banking Union. The SRM is governed by: (i) Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (Single Resolution Mechanism Regulation) (the **SRM Regulation**), which covers the main aspects of the mechanism and generally copies the BRRD rules on the recovery and resolution of credit institutions; and (ii) an intergovernmental agreement on certain specific aspects of the SRF (Single Resolution Fund). According to the SRM, the Single Resolution Board is primarily responsible for taking resolution decisions in close cooperation with the ECB, the European Commission and the national resolution authorities in the event of the Issuer's failure (or probable failure) as a significant entity under the direct supervision of the ECB, if a certain trigger event has occurred.

Such legislation concerning the Issuer as a bank is sector-specific and much stricter than the normal insolvency and crisis regime concerning other companies. The resolution authority has the power to impose a number of measures, several of which do not concern covered bonds. Nevertheless, the exercise of these powers (such as the division of the Issuer or the imposition of an obligation to issue new shares or other financial instruments) of the resolution authority is highly unpredictable and any proposal or expectation of such exercise could have material adverse effect on the Issuer, its activities, financial situation and ability to fulfil obligations from the Bonds.

Minimum requirements for own funds and eligible liabilities (MREL)

In order to ensure the effectiveness of bail-in and other resolution tool, institutions must comply with the requirements for own funds and eligible liabilities (**MREL**), calculated as a percentage of total liabilities and own funds and set by the competent resolution authorities. The package of measures related to the European banking reform also includes Directive (EU) 2019/879 on the revision of the BRRD Directive (**BRRD2**), which should be implemented by 28 December 2020. BRRD2 introduces full implementation of the TLAC standard and revises the MREL regime. Other changes to the MREL framework include changes to the MREL calculation methodology, the criteria for eligible liabilities that can be considered as MREL, the introduction of internal MREL and other reporting and disclosure requirements for institutions. A transitional period for full compliance with the MREL requirements is expected until 1 January 2024.

MREL requirement determined for the Issuer, resp. the Intesa Sanpaolo Group, is currently considered to be achievable, with a transitional period of two to four years. However, it is possible that the Issuer will have to issue new financial instruments establishing eligible liabilities that meet the conditions for the purposes of the MREL in order to meet additional requirements. There is also a risk that the Issuer or the Intesa Sanpaolo Group will not be able to meet the MREL requirement, which could lead to higher refinancing costs and regulatory measures.

MiFID II

The Issuer is subject to the regulatory framework for investment services and regulated markets is updated by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments, as amended (**MiFID II**) and related European and national legislation applicable as of 3 January 2018. Under MiFID II framework the Issuer is required to comply with the increased regulatory requirements that also result in increased costs for the Issuer. New regulation mostly affected IT, operational and servicing infrastructure with a direct impacts on the relationships with the customers. In connection with provision of investment services, the Issuer implemented new or additional disclosure and documentation requirements on financial products and their related risks in order to enable the client to make qualified investment decision based on an adequate knowledge of the characteristics of the products and its risks. In addition to this, the Issuer contributed considerable financial and material resources into processes promoting cost transparency as well as qualified selection of product offerings to clients based on assessment of various factors material for determination of positive and negative target markets. The MiFID II requirements have imposed and are imposing new requirements on the Issuer's business, the fulfilment of which has not yet been fully stabilised,

and the Issuer may face additional costs or regulatory interventions related to MiFID II that may adversely affect its business, financial situation and results.

Risk of changes in the tax framework, in particular regarding bank tax and the introduction of a financial transaction tax

The future development of the Issuer's assets, financial and profit position, inter alia, depends on the tax framework. Every future change in legislation, case law and the administrative procedures and practice of tax authorities and other relevant public authorities may have an adverse effect on the Issuer's assets, financial and profit position.

The Issuer is subject to a bank levy pursuant to Act No. 384/2011 Coll. on Special Levy of Selected Financial Institutions, Amending and Supplementing Certain Acts, as amended (the **Special Levy Act**). The amount of the Issuer's liabilities reported in the balance sheet less the amount of equity constitutes the base for the calculation of the levy, if this value is positive, less the value of long-term funds provided to a branch of a foreign bank, and less the amount of the subordinated debt pursuant to a special regulation. The bank levy was introduced in 2012 to create a fund, which might create a resources for potential banking sector crises and was supposed to be paid in 2020 for the last time. In November 2019 the Slovak Parliament approved, that the bank levy will be doubled from 0.2% to 0.4% in 2020 and continue to be paid by the banking sector also afterwards. It is expected, that higher bank levy may cost the Slovak banking sector additional EUR 110 million in 2020 and over EUR 200 million from 2021 onward, taking away circa 2.5% of prospective ROE in the sector. This may result in the weakening ability of the Slovak banks to prepare for the potential crisis and jeopardize the financial stability of the sector. Increased bank levy may have significant impacts on the profitability of the Issuers as well.

There is still a proposal for a financial transaction tax within the European Union (the **FTT**). After adoption of the FTT, financial transactions related to derivative contracts shall be taxed at a minimum rate of 0.01% of the principal amount referred to in the derivative contract. All other financial transactions (e.g. the purchase and sale of shares, bonds and similar securities, money market instruments or units in collective investment undertakings) shall be taxed at a minimum rate of 0.1%, while the taxable amount will be everything which constitutes a consideration paid or owed from the counterparty or a third party in connection with this transaction. The planned deadline for the FTT introduction has been postponed several times in the past, and it is currently not clear either whether the FTT will be introduced in the proposed form, or at all. However, if the FTT were introduced, due to higher costs, it would have a negative impact on the earnings and profit of the Issuer.

Changes in consumer protection laws and the application or interpretation of such laws might limit the fees and other pricing terms and conditions that the Issuer may charge for certain banking services and might also allow customers to claim back some of those fees already paid in the past

Changes in consumer protection laws or the interpretation of consumer protection laws by courts or governmental authorities could limit the interest rate or the fees that the Issuer may charge for the provision of some of its products and services and thereby result in lower interest or commission income. In the Slovak Republic, for instance, a ceiling has been introduced for the payment of consumer loans and fees for the basic banking product, the so-called standard account and also for early repayment of a mortgage loan.

The Issuer has been a party of a number of civil and administrative proceedings initiated by customers, supervisory authorities or consumer protection agencies and associations, resulting in fines or waiver of recovery of part of the interest or fees. The legal proceedings mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations. These allegations relate to the enforceability of certain fees as well as contractual provisions for the adjustment of interest and currency exchange rates. Moreover, any such changes in consumer protection laws or the interpretation of such laws by courts or governmental authorities could impair the Issuer's ability to offer certain products and services or to enforce certain contractual provisions and reduce the Issuer's net commission income and have a negative effect on the results of its operations.

Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules

The Issuer must comply with national and international rules and regulations relating to money laundering, anti-corruption and the financing of terrorism. These rules and regulations have become stricter over the last few years and may be further tightened and more strictly enforced in the future. There is also a notable increase in enforcement activities by foreign supervisory bodies, which often exercise their jurisdiction on a cross-border basis. Compliance with these rules and regulations places a significant financial burden on banks and other

financial institutions and gives rise to significant technical issues. Any violation or suspected violation of these or similar rules by the Issuer may have severe legal, monetary and reputational consequences on the Issuer, including sanctions imposed by the NBS. This could therefore have a material adverse effect on the Issuer's business, the results of its operations, as well as its financial condition, liquidity, capital base, prospects, and reputation.

Litigation risk

Despite the fact that the Issuer is not aware that it may be a party to any administrative, legal or arbitration proceedings that may have or recently have had a significant effect on its financial position or profitability, it is possible that in the future it could become a party to litigation or proceedings that may have an adverse effect on its economic results.

Evolving legislation and tax rules can have a material adverse effect on the Issuer

The legal order of the Slovak Republic is subject to significant changes. In many cases, the interpretation and laws are changing continuously, which may result in existing laws and regulations being applied inconsistently or arbitrarily and new laws being introduced.

The legal infrastructure and the law enforcement system in the Slovak Republic are less developed compared to those in some western European countries. In some circumstances, it may not be possible to obtain legal remedies to enforce contractual or other rights in a timely manner or at all. The lack of legal certainty or the inability to obtain effective legal remedies in a timely manner or at all may have a material adverse effect on the Issuer's business, results of activities or financial position. Investors should also be aware that in the Slovak Republic, there are fewer judges who specialise in complex matters such as investments in securities compared to the number of judges in western European countries. Therefore, disputes brought before the Slovak courts may be subject to delays and may not be conducted in a manner similar to more developed legal systems and may, as a result, lead to delays in proceedings or losses on investments.

The Issuer is subject to complex tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and differently enforced. Furthermore, the inefficient collection of taxes may result in new taxes being continuously introduced in an attempt to increase tax revenues. Therefore, there is a risk that the Issuer may be subject to arbitrary and onerous taxation. Moreover, in a number of cases, the introduction of legal or tax measures is based on political or protectionist reasons and directed primarily against financial institutions.

The risks related to the development and application of the legal and tax systems may have a material adverse effect on the Issuer's financial situation and results of operations, and may affect its ability to meet the obligations under the Bonds.

Bankruptcy and other laws and regulations governing creditors' rights

Slovak bankruptcy proceedings often take several years to be resolved and the level of recovery for creditors is relatively low compared to the rest of the European Union. Therefore, the Issuer cannot ensure that its rights as a creditor in bankruptcy proceedings will be sufficient to enable it to successfully collect amounts owed by its debtors. In addition, the Issuer's litigation costs related to the bankruptcy proceedings of its borrowers or counterparties may increase substantially as a result of any newly adopted and untested procedures and possible changes in regulations. The process of collateral enforcement in the Slovak Republic is quite costly and can take several years. As a result, the Issuer may be unable to enforce in a timely manner, for reasonable costs, or at all, collateral securing loans and other credit extended by the Issuer, including mortgage loans. This might have a material adverse effect on the Issuer's business, the results of its operations, its financial condition, liquidity, capital base, prospects and reputation.

Risk factors associated with the Issuer's operations and internal controls

Operating risk

Operating risk may be defined as the risk of loss caused by unsuitable or inappropriately set internal processes, people and systems or from external events. Operational risk includes legal risk and compliance risk, model risk, ICT risk and financial reporting risk; strategic and reputational risk are not included.

The Issuer has defined a framework for the operational risks management which consists of the following phases:

- (a) identification, which includes the activities of detection, collection and classification of the quantitative and qualitative information concerning the operational risks;
- (b) measurement and assessment, which includes the definition of the exposure to operational risks of the Issuer's Group, performed on the basis of information collected in the "identification" phase;
- (c) monitoring and control, which includes the supervision of operational risk profiles (including ICT and cyber risk) and of the exposures to relevant losses by promoting, through a proper reporting activity, an active risk management;
- (d) management (or mitigation), which includes the activities aimed to manage the operational risks, which are undertaken by operating on the significant risk factors or through their transfer by means of use of insurance coverages or other instruments; and
- (e) communication, which includes the information flows related to the management of operational risks among the several stakeholders involved, in order to monitor the process and to obtain an appropriate knowledge of the exposure to such risks.

Although the Issuer constantly supervises its own operational risks, certain unexpected events and/or events out of the Issuer's control may occur (including those mentioned above by way of example and without limitation), with possible negative effects on the business and the economic and/or financial situation of the Issuer as well as on its reputation.

2.2 Risk Factors Relating to the Bonds

Risk factors which could be material for the Bonds and the assessment of market risks related thereto are provided below. No assurances can be given that in addition to the risk factors described below no other facts exist which could have an effect on the Bonds and related risks.

Risk factors relating to the Bonds have been classified into the following categories:

- (i) *Risk factors related to the Slovak legal framework for the covered bonds;*
- (ii) *Risk factors related to the provisions and limitations in the Terms and Conditions;*
- (iii) *Risk factors related to the interest payment provisions of the Bonds;*
- (iv) *Legal and regulatory risk factors; and*
- (v) *Risk factors related to trading of the Bonds.*

Risk factors related to the Slovak legal framework for the covered bonds

In exceptionally adverse bankruptcy situation the cover pool assets may not be sufficient to fully cover all liabilities under the Bonds

The cover pool (in Slovak: *krycí súbor*) covering the liabilities of the Issuer under the Bonds will consist primarily of mortgage loans secured by way of a legally perfected first ranking mortgage in favour of the Issuer over the mortgaged property (the **Mortgage Loans**) and certain substitute assets, such as cash and securities. All assets included in the cover pool must comply with the applicable requirements or criteria set out in the Act on Banks. For an individual Mortgage Loan eligible to be included in the cover pool, it must comply with the applicable requirements including, amongst other things, the loan-to-value limit under which the outstanding amount of principal under the Mortgage Loan may not exceed 80% of the value of mortgaged property, subject to limited exemptions. Also, the Issuer is required to perform regular testing of the value of the mortgaged properties and the total value of the cover pool assets must at all times be at least 105% of the value of all covered liabilities, whereby according to the legislation, the Issuer must calculate this cover ratio on the last day of each calendar month.

All mortgaged property is located in the Slovak Republic. The value of the mortgaged property as well as the value of the Mortgage Loans included in the cover pool may reduce over time, in particular, in the event of a general downturn in the value of properties located in the Slovak Republic. In such cases, despite the relevant statutory safeguards and regulatory requirements under Section 67 et seq. of the Act on Banks, the value of the Mortgage Loans may become insufficient to provide full cover for the outstanding Bonds. While the Issuer is solvent and operating its business, it will be obliged to include additional eligible assets in the cover pool in order to maintain the required cover ratio. However, in case of bankruptcy, involuntary administration or similar situations when the Issuer's ability to generate additional eligible assets will be limited, the value of the cover pool assets may decrease below the required levels so that it may not be sufficient to fully cover all covered liabilities including those under the Bonds.

It should be also noted that due to the transition of the mortgage bonds issued by the Issuer before 1 January 2018 (the **MB** or **MBs**) as described in section 7, headed "*Description of the Slovak Covered Bonds Framework*" below, the single common cover pool will also cover all the liabilities of the Issuer under those historic mortgage bonds. The claims of the bondholders under the Bonds will rank *pari passu* with the claims of the holders of the MB and all holders will have the same priority right with respect to the whole cover pool.

Finally, any substantial overall downturn in the value of real properties in the Slovak Republic could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Bonds and the value of the cover pool.

Risk of extension of final maturity of the Bonds and risk of change of the Issuer of the Bonds

In the event of bankruptcy or involuntary administration of the Issuer, the bankruptcy trustee or the involuntary administrator (each a **Trustee**) of the Issuer will take over the operation of the Programme and of the cover pool (the **covered bonds programme**), as defined in the Act on Banks and not to be confused with the Programme under this Base Prospectus). The covered bonds programme as defined in the Act on Banks includes generally all assets of the cover pool as well as all liabilities under the Bonds, all MB issued by the Issuer in the past, any other covered bonds issued by the Issuer and other covered liabilities, such as hedging derivatives (if any) and

related administrative contracts and functions. The Trustee will be obliged to evaluate whether the operation of the programme does not cause the overall decrease of rate of satisfaction of the bondholders. If the Trustee reaches the conclusion that the operation of the programme may result in decrease of satisfaction of the bondholders, it will have the obligation to notify the NBS of its intention to transfer the programme or its parts to another bank or several banks in the Slovak Republic and to attempt such transfer. As a result of the notification, the final maturity of the Bonds would be adjusted in accordance with Section 67 (10) and (11) of the Act on Banks (so called soft bullet extension) as follows: (i) during the first month from delivery of the transfer notification to the NBS, the maturity dates would not be adjusted, (ii) from the first day of the second month until the last day of the 12th month from delivery of the transfer proposal to the NBS, any final maturity date for principal payment under the Bonds falling into that period would be postponed by 12 months, and (iii) if the Trustee requires a prolongation of the transfer period, any final maturity date for principal payment under any Bonds falling into the period of subsequent 12 months would be prolonged by a another 12 months. The same applies to final maturity dates already extended during the first prolongation period. The interest payments and other conditions of the Bonds would not be affected, but the bondholders will not receive any other compensation and will not have any remedies in respect of the extended maturity of the Bonds.

The soft bullet extension of the final maturities will be effective from the date of delivery of the programme transfer notification by the administrator to the NBS and will not be subject to any further approval or consent of the NBS. In the event no transfer is affected, the postponed maturities for principal payments would occur on the last day of the prolongation period.

It should be noted that the extension of the final maturities will not apply to maturities of the MB issued before 1 January 2018. If a maturity date for any tranche of the MB occurs during the transfer period, the Trustee will have to pay the principal to the holders of the MB as originally scheduled.

The transfer of the programme itself will be subject to prior approval of the NBS. If such a transfer is affected, the identity of the Issuer of the Bonds will change to the transferee bank, i.e. another bank in the Slovak Republic will become an obligor under the Bonds. This does not have an effect on the terms of the Bonds themselves, but general creditworthiness of the new obligor might be different from the creditworthiness of the Issuer.

In accordance with Section 55 (10) of the Act on Banks and Section 195a (7) of the Bankruptcy Act, the consent of the bondholders is not required in bankruptcy and involuntary administration scenarios in order for the transfer of the programme or its part to be valid and become effective.

Risk factors related to the provisions and limitations in the Terms and Conditions

No early redemption upon Issuer's default and no joint representative

Pursuant to the terms of the Bonds and in line with prevailing market practice for debt issuances by Slovak credit institutions in domestic Slovak market, a default on Issuer's obligations under the Bonds will not trigger early redemption of Issuer's liabilities towards the bondholders under the Bonds nor will there be a right of the bondholders to claim early redemption of the Bonds. In case of a payment default by the Issuer, the bondholders will have a right to sue the Issuer for the payment of and they will also have the benefit of the right of separate satisfaction from the assets in the cover pool in potential enforcement proceedings. The bondholder will not have, however, right to require early redemption of the whole principal amount. Also, a default of the Issuer will trigger convening of bondholders meeting, but there is no common representative of the bondholders and each bondholder will generally have to enforce its rights against the Issuer individually.

The risk of early redemption of the Bonds

The return on investment in the Bonds may be lower than expected in case the bondholder would sell these Bonds before their final maturity. The Final Terms of each issue of the Bonds will set out whether the bondholder has the right for early repayment of the Bonds or if the Issuer may, on the occurrence of specific events defined in the Final Terms, repay these Bonds before maturity.

The bondholders may be also exposed to the risk that the return earned from an investment in the Bonds may not in the event of an early redemption of the Bonds be able to reinvest in such a way that they earn the same rate as the redeemed Bonds.

Indicated maximum issue volume of the Bonds may not be binding

The total amount of the issue specified in the Final Terms represents the maximum volume of relevant Bonds issue, while the actual placed volume may be lower and may vary during the life of the Bonds by the maturity

Date. The total volume depends on the demand for the Bonds, on buybacks of the Bonds by the Issuer or on their early repayment. No conclusion may therefore be drawn from the indicated aggregate principal amount of the Bonds offered and issued with regard to the liquidity of the Bonds in the secondary market.

No independent calculation agent and paying agent

All calculations and payments to bondholders under the Bonds will be performed by the Issuer. There will not be any independent calculation agent or payment administrator responsible for these tasks. Solely the Issuer will perform all administrative task related to the Programme and the Bonds. This is in line with prevailing market practice for debt issuances by Slovak credit institutions in domestic Slovak market and the Issuer has taken steps to manage potential conflicts of interests in accordance with applicable regulation, but the investors should note that they cannot rely on impartial third-party agents. Detailed procedures and requirements for payments under the Bonds are specified in Condition 9 of the Terms and Conditions of the Bonds, headed "*Payment terms and conditions*".

Risk related to further issuing of debt instruments of the Issuer

Bondholders are exposed to the risk that the Issuer is not limited in further issuing debt securities or in the amount of debt that the Issuer may issue or guarantee. Furthermore, the Issuer is not obliged to separately inform bondholders about issuing, incurring or guaranteeing further debt (with the exception of regular financial reports publication). Issuing, incurring or guaranteeing further debt may have a negative impact on the market price of the Bonds and the Issuer's ability to meet all obligations under the issued Bonds and may also reduce the amount recoverable by bondholders upon the Issuer's bankruptcy. If the Issuer's financial situation were to deteriorate, the bondholders could suffer direct and materially adverse consequences, including cancellation of interest payments and reduction of the principal amount of the Bonds and, in case of the Issuer's liquidation, loss of their entire investment.

Risk factors related to the interest payment provisions of the Bonds

Risk of the Bonds with a fixed interest rate

The risk involves the situation that the market price of such Bonds falls as a result of interest rate change. The nominal interest rate of fixed rate bonds is fixed during the life of such Bonds, while the current interest rate on the capital market typically changes. As the market interest rate changes, the market price of fixed rate Bonds also changes, but in the opposite direction. If the market interest rate increases, the market price of fixed rate Bonds typically falls, until the yield of such Bonds is approximately equal to the market interest rate. If the market interest rate falls, the market price of fixed rate Bonds typically increases, until the yield of such Bonds is approximately equal to the market interest rate.

Risk of the Bonds with a zero coupon

The Bondholders are exposed to the risk that the price of such Bonds will fall as a result of changes in the interest rates, while the prices of these Bonds are more volatile than prices of the Bonds with a fixed interest rate and are likely to respond to a greater degree to market interest rate changes than interest bearing Bonds with a similar maturity.

Risk of the Bonds with a floating interest rate

It represents the risk of fluctuating interest rate levels which make it impossible to determine the yield of such Bonds in advance and investors are exposed to the risk of uncertain interest income. The interest of floating rate Bonds will be linked to benchmark indices (for the purpose of this risk factor each one as a **Benchmark** and together, the **Benchmarks**) such as the interbank interest rate in Euro (Euro Interbank Offered rate) (**EURIBOR**), the London Interbank Offered Rate (**LIBOR**), Prague Interbank Offered Rate (**PRIBOR**) or another Benchmark.

The main legislation in the respective area is Regulation (EU) No. 2016/1011 of 8 June 2016 on Indices Used as Benchmarks in Financial Instruments and Financial Contracts or to Measure the Performance of Investment Funds and Amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (the **Benchmark Regulation**).

Benchmark Regulation is effective from 1 January 2018. In principle, it applies to administrators, and in certain respects, to contributors and regulated users of Benchmarks within the EU, and inter alia: (i) Benchmark administrators have to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or

otherwise recognised or endorsed) and will have to comply with the extensive requirements related to the administration of Benchmarks, and (ii) will prevent uses of Benchmarks of administrators that are not authorised or registered. The scope of the Benchmark Regulation is broad and, apart from the so-called critical benchmark indices may also potentially apply to (i) many interest indices when they refer to some of the financial instruments traded on a trading venue, or (ii) systematic internalisers (or in relation to with which they have been admitted to trading on a trading venue), financial contracts and investment funds. The Benchmark Regulation may have a significant impact on the Bonds associated with the Benchmark or index considered as the Benchmark, especially if the methodology or other benchmarking conditions are changed in order to meet the requirements of the Benchmark Regulation. Such changes could, among other things, result in a reduction, increase or other effect on the volatility of the published rate or the Benchmark level.

The administrators of Benchmarks may publish and adhere to error policies (the **Error Policies**), which set out how such Benchmark administrators will deal with errors which occur during the fixing process of the relevant Benchmark. These Error Policies may include materiality thresholds, which means that an erroneously fixed Benchmark will not be refixed in case the relevant materiality threshold is not breached. In addition, Error Policies may differentiate between errors which are discovered during compliance checks prior to a cut-off time set out in the relevant Error Policy for a refix of the relevant Benchmark and errors which are discovered after such cut-off time. In case the error is discovered prior to the relevant cut-off time, the Error Policy may allow the Benchmark administrator to refix the relevant Benchmark. Any such refix may result in the relevant Benchmark being lower than originally fixed.

Should the Reference Rate ceased to exist or would otherwise be unavailable, the interest rate for the Bonds with the floating interest rate connected with such Reference Rate will be for the relevant period determined in accordance with the procedure laid down in Condition 7.10 of the Conditions. Any such procedure could have significant adverse impact on the value and yield of such Bonds.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Bonds linked to a Benchmark.

Legal and regulatory risk factors

The Bonds are not covered by any (statutory or voluntary) protection scheme

The Bonds are not covered by any statutory or protection scheme. In addition, no voluntary deposit guarantee scheme exists for the Bonds. In the event of the insolvency of the Issuer, investors in the Bonds therefore cannot rely on any (statutory or voluntary) protection scheme to compensate them for the loss of capital invested in the Bonds and might lose their entire investment.

Bondholders are exposed to the risk that in the event of the Issuer's bankruptcy, deposits will be satisfied before their residual uncovered receivables in respect of the Bonds are paid

Pursuant to Section 180a of the Bankruptcy Act, which transposed Article 108 of the BRRD into Slovak law, in the event of the Issuer's bankruptcy, the proceeds of the liquidation of the assets forming the general bankruptcy estate that will be primarily used to compensate the creditors of receivables from protected deposits will be satisfied in the following order:

- receivables of the deposit protection fund, including those within the scope of compensation paid to depositors pursuant to Section 11(1) of Act No. 118/1996 Coll. on Protection of Deposits, as amended (the **Deposit Protection Act**) or within the scope of the funds provided to resolve the crisis situation pursuant to Section 13(4)(g) of the Deposit Protection Act; and
- receivables from protected deposits of individuals, micro-enterprises, small and medium-sized enterprises, which exceed the level of cover under Section 11(4) of the Deposit Protection Act.

Abovementioned risk concerns all creditors of unsecured receivables as well as parts of receivables that haven't been fully compensated from available collateral. Therefore, the Bondholders should be aware that in the event of the Issuer's bankruptcy and to the extent the covered bonds programme will not be transferred and the claims of the Bondholders will be compensated from the proceeds of the sale of the cover pool only in part, their residual receivables from the Bonds will be subordinated to the abovementioned receivables from protected deposits.

Subordination risk

In accordance with the Bankruptcy Act, any obligation of the Issuer towards a creditor who is, or at any time during its existence was, a person which is or was a related party to the Issuer under Section 9 of the Bankruptcy Act (the **Related Obligation**) (i) will be automatically subordinated to any and all of the Issuer's other unsubordinated obligations in bankruptcy proceedings over the Issuer's property in the Slovak Republic and such Related Obligation will not be satisfied before the satisfaction of all of the Issuer's other unsubordinated obligations towards creditors who have registered their claims in the Issuer's bankruptcy proceedings; (ii) in the Issuer's bankruptcy, it cannot be satisfied in the same or a better manner to any of the Issuer's other unsubordinated obligations towards creditors who have registered their claims in the Issuer's bankruptcy. Definition of "related party" is broad and will include inter alia shareholders with at least 5% direct or indirect interest, subsidiaries in which the Issuer holds at least 5% direct or indirect interest and affiliates linked with the Issuer through at least 5% direct or indirect interest.

Section 95(5) of the Bankruptcy Act clarifies specifically with regard to covered bonds, that the subordination will not apply to a creditor who is neither related to the Issuer nor to a person from which it acquired the claim under covered bonds. This means that a bondholder who is not related to the Issuer and has not purchased a Bond from its related party, should not be considered a creditor of a Related Obligation.

Because the subordination rule apply only in case of distribution to creditors from the liquidation of bankruptcy estate (i.e. the cover pool in case of the Bonds), the subordination risk is unlikely to have material impact on the creditors of the Related Obligations arising under the Bonds, except in case of liquidation of the cover pool following a failure by the bankruptcy trustee to transfer the whole covered bonds programme of the Issuer to another Slovak bank, as envisaged under Section 195a of the Bankruptcy Act. However, if such liquidation occurs, the creditors of the Related Obligations and related to the Issuer most likely will not have priority rights to be compensated from the proceeds of the sale of the cover pool assets and will receive compensation (if any) only after all other general unsecured creditors of the Issuer will be compensated in full. No provision of the Bankruptcy Act prevents a bondholder from transferring the Bonds to an unrelated party at any time.

Regulation applying to investment activities of certain investors may limit or fully preclude these investors from investing in the Bonds

Investment activities of certain investors may be regulated under special, generally binding legal regulations and may be subject to supervision or control by competent public authorities. Each potential investor in the Bonds should refer to its professional adviser to determine whether and to which extent the Bonds represent an admissible investment, while taking into account the nature of the investor and the extent to which it is subject to restrictions on its own purchase or pledge of the Bond. If a potential investor in the Bonds is a financial institution, it should also consider the rules related to risk weighted assets and other related rules and measures.

Taxes and fees impact

The return on investment on the Bonds is influenced by the tax regime valid in the country of the Issuer's registered office or in the country in which a security is transferred. A potential investor should also make their own assessment about the amount and kind of fees charged to him/her/it in relation to the acquisition, possession or sale of the Bonds (e.g. fee for keeping and managing of securities account).

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in the issue currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **investor's currency**) other than the issue currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the issue currency or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the issue currency would decrease (1) the investor's currency-equivalent yield on the Bonds, (2) the investor's currency equivalent value of the principal payable on the Bonds and (3) the investor's currency equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Payments on the Bonds may be subject to U.S. withholding tax under U.S. Foreign Account Tax Compliance Act (FATCA)

Payments of interest or the principal of the Bonds to bondholders that (i) fail to comply with tax certifications or identification requirements (including the provision of information regarding waivers of application of any laws prohibiting the disclosure of such information to the tax authorities); or (ii) are financial institutions that fail to comply with the U.S. Foreign Account Tax Compliance Act or any interstate agreements (including that between the Slovak Republic and the United States of America), may be subject to a 30% withholding tax. The Issuer will not be obliged to make any additional payments in respect of any such amounts withheld or deducted by the Issuer or other paying agent.

Risk factors related to purchasing and trading with the Bonds

Trading in the Bonds may not be liquid and may be interrupted

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In an illiquid market, an investor might not be able to sell its Bonds at any time at fair market prices. The possibility to sell the Bonds might additionally be restricted by country specific reasons. Furthermore, the Issuer cannot guarantee the price for which Bonds will be purchased and/or sold on the secondary market. The price is influenced by current market conditions, therefore it changes during trading. Historical development of prices of the Bonds cannot be considered as indicator of future development of prices. The bondholder is therefore exposed to the risk of an unfavourable development of market prices of its Bonds which materialises if the Bondholder sells the Bonds prior to the final maturity of such Bonds. If the Bondholder decides to hold the Bonds until final maturity, the Bonds will be redeemed at the amount set out in the relevant Final Terms.

There is also a risk that trading with the Bonds on the relevant stock exchange may be suspended, interrupted or terminated for exceptional economic, regulatory or technical reasons, despite no fault or influence on the side of the Issuer.

Credit spread risk

The Bonds carry the credit spread risk of the Issuer, which during the life of the Bonds could widen, resulting in a decrease in the market price of the Bonds. Factors influencing the credit spread include, among other things, the creditworthiness and credit rating of the Issuer, probability of default, recovery rate, and remaining term to maturity of the Bonds. The overall economic situation, the liquidity of the market, the general level of interest rates, overall economic developments, and the currency in which the Bonds are denominated may also have a negative effect and potential investors should consider all these factors.

Inflation risk

The bonds do not contain an anti-inflation clause and the real value of an investment in the Bonds may decline as inflation reduces the value of the currency. Inflation also causes a decline in real yields of the Bonds. If the inflation rate exceeds the sum of nominal yields of the Bonds, the value of real yields of the Bonds will be negative. According to the Statistical Office of the Slovak Republic, the average annual inflation rate in April 2020 was 2.9%.

Clearing/settlement system risk

There is a risk that the settlement system of the Central Securities Depository of the Slovak Republic or corresponding records of international central depositories such as Euroclear or Clearstream, or links between them, will become dysfunctional due to technical or regulatory reasons, also for instance in case of changes in laws or internal procedures of depositories. The Issuer has no influence on such an event, however, problems with the settlement or restriction of the possibility of holding the Bonds through international central depositories may have a negative effect on the price of the Bonds and may cause that the securities settlement of the Bond trades will not be realised.

Risk of fluctuations in market price of the Bonds

The Bondholders are at risk of the change of the market price of the Bonds in the case of the sale of the Bonds. The historical development of the prices of the Bonds cannot serve as an indicator of the future development of the prices of any Bonds. The development of market prices of the Bonds depends on various factors, such as

changes in market interest rate levels, the policies of central banks, overall economic developments, inflation rates, changes in taxation methods and the lack of or excess demand for the relevant Bonds. Thus, the Bondholders are exposed to the risk of unfavourable developments in the market prices of the Bonds they hold which may materialise if the Bondholders decide to sell them prior to their final maturity. The Bondholders must be aware that Bonds may be issued at a price higher than the price of comparable Bonds on the secondary market which may increase the effect of the unfavourable market price development. If a Bondholder decides to hold the Bonds up to their final maturity, the principal amount will be repaid at the amount set out in the relevant Final Terms.

Rating of the Bonds

Any credit rating of the Bonds may not adequately reflect all the risks of investing in the Bonds. Credit ratings may be also suspended, downgraded or withdrawn. Such suspension, downgrade or withdrawal may have an adverse effect on the market value and trading price of the Bonds. A credit rating is not a recommendation to purchase, sell or hold securities and may be revised or withdrawn by a credit rating agency at any time.

3. RESPONSIBILITY STATEMENTS

Všeobecná úverová banka, a.s., with the registered seat at Mlynské nivy 1, 829 90 Bratislava, Slovak Republic, Identification No. (in Slovak: *IČO*): 31 320 155, registered in the Commercial Register of District Court Bratislava I, Section: Sa, File No.: 341/B (the **Issuer**) acting through Roberto Vercelli, Member of the Management Board, and Antonio Bergalio, Member of the Management Board, represents to be solely responsible for the information provided in the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is up-to-date, complete, and true, in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

In Bratislava, on 1 June 2020

Name: Roberto Vercelli

Title: Member of the Management Board

Name: Antonio Bergalio

Title: Member of the Management Board

4. DOCUMENTS INCORPORATED BY REFERENCE

The information from the following documents is incorporated by reference into this Base Prospectus and the Base Prospectus should be read and construed in conjunction with information from the following documents:

- (a) The audited consolidated annual financial statements of the Issuer for the year ended 31 December 2018 prepared in accordance with the IFRS, which form part of the Issuer's Annual Financial Report for 2018 pursuant to applicable legal regulations (the **2018 Annual Report**). The Base Prospectus must be read in conjunction with the above-mentioned part of the 2018 Annual Report which is deemed to be part of the Base Prospectus. Other parts of the 2018 Annual Report not incorporated in the Base Prospectus by reference are of no relevance for the investors.

The 2018 Annual Report is available at the following hyperlink:

https://www.vub.sk/files/vubweb/en/financial-indicators/annual-reports/zalozky/vs_vub_2018_en_web.pdf.

- (b) The audited consolidated annual financial statements of the Issuer for the year ended 31 December 2019 prepared in accordance with the IFRS, which form part of the Issuer's Annual Financial Report for 2019 pursuant to applicable legal regulations (the **2019 Annual Report**). The Base Prospectus must be read in conjunction with the above-mentioned part of the 2019 Annual Report which is deemed to be part of the Base Prospectus. Other parts of the 2019 Annual Report not incorporated in the Base Prospectus by reference are of no relevance for the investors.

The 2019 Annual Report is available at the following hyperlink:

https://www.vub.sk/files/vubweb/en/financial-indicators/annual-reports/zalozky/pdf_pre_web_v_vub_2019_en.pdf.

- (c) The unaudited interim separate financial statements of the Issuer prepared in accordance with IAS 34 for the period of three months ending 31 March 2020 available at the following hyperlink:

https://www.vub.sk/files/en/people/financial-indicators/information-about-bank-activities/zalozky/2020_03_vub_ifrs_ind_en.pdf.

The audited consolidated annual financial statements referred to above, together with the audit reports thereon and the Issuer's unaudited interim separate financial statements for the period of three months ending 31 March 2020 (the **Financial Statements**) shall be incorporated by reference into, and form part of, this Base Prospectus.

The Financial Statements are available both in the original Slovak language and in English language. The English language versions represent a direct translation from the Slovak language documents. The Issuer is responsible for the English translations of the Financial Statements incorporated by reference in this Base Prospectus and declare that such is an accurate and not misleading translation in all material respects of the Slovak language version of the Financial Statements (as applicable).

Other than in relation to the documents which are deemed to be incorporated by reference listed in this section of the Base Prospectus, the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the NBS.

5. DESCRIPTION OF THE ISSUER

5.1 Basic information

Business name:	Všeobecná úverová banka, a. s.; abbreviated name: VÚB, a. s.
Registered seat:	Mlynské nivy 1, 829 90 Bratislava, Slovak Republic
Identification number:	31 320 155
Date of incorporation:	1 April 1992
Legal form:	joint-stock company
Country of incorporation:	Slovak Republic
LEI:	549300JB1P61FUTPEZ75
Telephone number:	+421 2 5055 1111
Website:	www.vub.sk

The information on the website does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus. The information on the website has not been scrutinised or approved by the NBS.

The Issuer holds Slovak banking licence and it is a Slovak bank (credit institution) under the Act on Banks. The Issuer operates under the laws of the Slovak Republic, mainly under the Commercial Code, the Act on Banks and the Securities Act.

The Issuer obtained the prior consent of the NBS to carry out activities related to the covered bonds programme based on the decision of the NBS dated 14 May 2018, No.: 100-000-105-179 to file No.: NBS1-000-0204-409.

5.2 History

Legal predecessor of the Issuer, state owned enterprise VÚB, š.p.ú. was included in the first wave of the voucher privatization in early 1990s and was transformed to a joint-stock company on 1 April 1992. This is the date of incorporation of VÚB in its current legal form as a joint stock company under Slovak (then Czechoslovak) law. VÚB has been incorporated for an indefinite period of time.

In 2001 Gruppo IntesaBci acquired a majority share 94.46% in VÚB and the Issuer became a member of this important financial group. Financial group Banca Intesa S.p.A. (former Gruppo IntesaBci) was, in terms of the balance sheet amount and volume of equity, the biggest bank in Italy and one of the most prominent banks in Europe.

Banca Intesa S.p.A. merged with another Italian bank Sanpaolo IMI S.p.A. in 2007, giving rise to financial group Intesa Sanpaolo with the headquarters in Turin.

The intention of Intesa Sanpaolo Group in Slovakia is to further develop VÚB as a universal financial institution, strengthen its services offered to corporate clients, extend the retail services on the franchise basis and promote sophisticated activities on capital markets. The emphasis is put on development of new products for clients, more intensive marketing communication to increase the client comfort upon the use of bank products and services.

The Issuer is not aware of any recent events particular to the Issuer and which are to a material extent relevant to an evaluation of its solvency. The Issuer meets all capital and other regulatory and prudential requirements in relation to its banking and financial operations and complies with all reporting and publication requirements in accordance with applicable law.

As to the date of this Base Prospectus, no significant changes occurred in the structure of borrowing and financing of the Issuer. The Issuer does not expect any significant changes in its funding structure.

5.3 Business overview

VÚB is a modern universal bank which offers a wide range of products and services to corporate, retail and institutional clients within the domestic and foreign markets. VUB puts the emphasis on stability, loyalty and trust in regard to clients.

The scope of business of VÚB are activities conducted pursuant to the banking licence in accordance with the Act on Banks and as stated in its Articles of Association. The scope of business is registered in the Commercial

Register in accordance with relevant generally binding legislation. The main products and services of VÚB include current accounts, fixed-term deposits, mortgage loans, consumer loans, investment loans and internet banking services.

Principal activities

Retail banking. It is a key area, with the strong focus of VÚB on the products and services provided. The main products and services in this area are products and services for natural persons, including retail clients, self-employed entrepreneurs and free traders. The main products for this group are current accounts, saving accounts, fixed-term accounts, investment products, payment cards, mortgages and consumer loans.

Corporate banking. It is an important area of providing products and services to corporate clients, financial institutions, public sector as well as to clients and investors in the area of financing of construction and real estate transactions. The product range includes mainly loan financing, bank guarantees, letters of credit, cash management, investments, individual term deposits and hedging derivative instruments.

Balance sheet management and treasury. VÚB provides activities in connection with balance sheet management, management of securities investment portfolio, debt securities issuance as well as trading on the interbank market, money markets and capital markets.

5.4 **Significant new products and activities**

In order to satisfy growing client needs, VÚB launches new products and services for its corporate and retail clients. In practice that represents a wide range of products and services, from classic bank products to sophisticated activities on financial markets. VÚB concentrates on development of new attractive products for its clients, marketing communication and higher comfort of accessibility of bank products and services. Among new products and services are InvestPlan, an investment advisory service supported by unique sophisticated wealth management application, new internet banking and mobile banking or combined investment products combining features of fixed-term deposits with advantages of fund investments.

5.5 **Principal markets**

VÚB operates primarily on the Slovak market and, to lesser extent, on the Czech market through its branch in Prague.

VÚB is the second largest bank in the Slovak Republic according to the balance sheet amount and it is among the first three banks as to the comparison of other main indicators. As at the end of 2019, the market share of VÚB in terms of the amounts of primary deposits was 18.9% and its market share in the loan market increased to 21.2%.

VÚB provides banking services to corporate, retail and institutional clients via its wide network of 204 sales points within the Slovak Republic, which represents the second highest number of branches among the Slovak commercial banks. The number of employees is the second highest within the Slovak banking sector.

5.6 **Rating**

The credit ratings assigned to the Issuer is the following:

<i>Moody's (April 2020)</i>	Rating
Long-term rating	A2
Short-term rating	P-1
Outlook	negative

Moody's Investors Service Ltd, with the registered office at One Canada Square, Canary Wharf, London E14 5FA, United Kingdom, is registered rating agency in accordance with the CRA Regulation.

5.7 **Organisational structure**

VÚB is a member of Intesa Sanpaolo Group.

As of 31 March 2020, Intesa Sanpaolo Holding International S.A., 35 Boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, is the majority shareholder of VÚB with decisive 97.03 % share in the registered capital and voting rights of the Issuer. Intesa Sanpaolo Holding International S.A. is wholly owned and controlled by Intesa Sanpaolo S.p.A., Piazza San Carlo 156, 10121 Torino, Italy.

Dependence of VÚB on other entities within the Intesa Sanpaolo Group is proportional to the share of those entities in the registered capital of VÚB.

VÚB is not aware of any mechanisms whose application may later result in the change of its control. Control mechanisms for exercising the shareholder rights of the controlling shareholder of VÚB and measures to ensure the elimination of the misuse of such control are stipulated in the Commercial Code, the Act on Banks and other generally binding legal regulations.

Other legal entities controlled by Intesa Sanpaolo Holding International S.A. as of 31 March 2020

<i>Trade name</i>	<i>% share</i>	<i>Jurisdiction</i>
Intesa Sanpaolo Bank Luxembourg	100.00	Grand Duchy of Luxembourg
Banca Intesa ad Beograd	100.00	Serbia and Montenegro
Privredna Bank Zagreb d.d.	97.47	Croatia
Banca Intesa (Russia)	53.02	Russia
Intesa Sanpaolo Servitia S.A.	100.00	Grand Duchy of Luxembourg
Exelia S.r.l	100.00	Romania
Intesa Sanpaolo International Value Services Ltd	100.00	Croatia
Intesa Sanpaolo House Immo S.A	100.00	Grand Duchy of Luxembourg
Intesa Sanpaolo Harbourmaster III S.A	100.00	Grand Duchy of Luxembourg
IMI Finance Luxembourg S.A	100.00	Grand Duchy of Luxembourg

VÚB itself is a parent company and holds direct shareholding interest in several other companies.

Overview of direct shareholding interests of VÚB in business companies as of 31 March 2020

<i>Trade name</i>	<i>Jurisdiction</i>	<i>Main purpose</i>	<i>Registered capital (in EUR thousand)</i>	<i>Share of VÚB in the registered capital (in %)</i>
VÚB Leasing, a.s.	Slovak Republic	Financial and operating lease	46,600	100.00
VÚB Generali dôchodková správcovská spoločnosť, a.s.	Slovak Republic	Management of pension funds	10,091	50.00
Slovak Banking Credit Bureau, s.r.o.	Slovak Republic	Automated data processing in the field of credits providing	10	33.33

In addition, the Issuer holds non-material residual shares in S.W.I.F.T. Belgium and Visa Inc. Issuer is not materially dependent on any of its subsidiaries. As of 31 March 2020, VÚB has no indirect shareholding interests. No other companies are considered as related parties or entities closely linked with the Issuer due to Issuer's holding in such companies equal to or above 20%.

5.8 Trend information

The Issuer declares that no material adverse change in the Issuer's financial performance, business position or prospects has occurred since the last published audited financial statements for the year ended 31 December 2019.

The Issuer also declares that no significant change in the financial position and performance of the Issuer's group has occurred since 31 March 2020 as the end of the last financial period for which financial information has been published to the date of this Base Prospectus.

The Issuer is affected by macroeconomic conditions, developments in market environment and the state of legislation and regulation applicable to financial institutions in the Slovak republic and Eurozone. Global pandemic situation related to COVID-19 in conjunction with emergency measures adopted to fight its spread are considered amongst the most significant events currently affecting the Issuer's operations, financial position and business prospects. Apart from above trends, the Issuer is unaware of any other events, trends, demands or uncertainties or eventually is not familiar with any entitlements, obligations or circumstances about which one can reasonably assume that they will have a significant impact on the Issuer's financial situation, business position or prospects during the current financial year.

5.9 Profit forecasts or estimate

The Issuer decided not to include the profit forecast and as of the date of the Base Prospectus, it did not publish any profit forecast.

5.10 Administrative, management and supervisory bodies

Management Board

The Management Board is the statutory and executive body governing the executive management of the Issuer and is responsible for the performance of its duties to the Supervisory Board and the General Meeting. It is authorised to act on behalf of the Issuer and to represent the Issuer in relations with third parties, in front of courts or other authorities. The Management Board has the authority to manage the activities of the Issuer and to decide on any matters of the Issuer which are not transferred to the authority of other bodies of the Issuer by legal regulations and/or the Articles of Association.

The Management Board consists of up to 11 members, including one Chairman and, if appointed by the Supervisory Board, one or several Deputy Chairpersons. The number of members of the Management Board shall be determined by the Supervisory Board whenever it is deciding on the election or removal of a Management Board member or considering the resignation of a member of the Management Board.

The members of the Management Board are elected and removed by the Supervisory Board. The Supervisory Board appoints the Chairman and, if Deputy Chairman or Deputy Chairpersons were appointed, it designates which members is Deputy Chairman or which members are Deputy Chairpersons.

Members of the Management Board of VÚB

<i>Name and surname</i>	<i>Position</i>
RESCH Alexander	Chairman
VERCELLI Roberto	Member
BERGALIO Antonio	Member
VICENÍK Andrej, Ing.	Member
MAGALA Peter, Ing.	Member
KOVÁŘOVÁ Marie, RNDr., PhD	Member
TECHMAN Martin, MBA	Member

All of the members of the Issuer's Management Board have professional qualifications for the performance of their positions and hold no significant share in the Issuer's business. None of them has been convicted of a property crime. None of the members of the Management Board conducts business or activities outside the Issuer that would be significant with regard to the Issuer's activities.

The Issuer has no knowledge of any conflict of interest among the members of the Management Board in relation to their obligations vis-à-vis the Issuer and their private interests or other obligations.

Contact address of all members of the Issuer's Management Board is Mlynské nivy 1, 829 90 Bratislava, the Slovak Republic.

Supervisory Board

The Supervisory Board is the main controlling body of the Issuer. It supervises the Management Board and the performance of the business activities of the Issuer. If the Supervisory Board becomes aware of a serious violation by a member of the Management Board of his/her duties or substantial shortcomings in the Issuer's business management, the Supervisory Board is entitled to take remedial measures, including removal of a member of the Management Board. The number of Supervisory Board members is at least three and maximum seven, out of which one is the Chairman and at least one is a Deputy Chairman.

Two thirds of members of the Supervisory Board are elected by the General Meeting and employees elect one third.

The term of office of the Supervisory Board members is three years and the expiry date for each member elected by the General Meeting must be identical.

Members of the Supervisory Board of VÚB

<i>Name and surname</i>	<i>Position</i>
JAQUOTOT Ignacio	Chairman
KOHÚTIKOVÁ Elena, Ing.	Deputy Chairman
GUTTEN Peter, PhDr.	Member
SZABO Róbert, Ing.	Member
FABRIS Marco	Member
SCHAACK Christian	Member

All of the members of the Issuer's Supervisory Board have professional qualifications for the performance of their positions and hold no significant share in the Issuer's business. None of them has been convicted of a property crime. None of the members of the Supervisory Board conducts business, or activities outside the Issuer that would be significant with regard to the Issuer's activities.

The Issuer has no knowledge of any conflict of interest among the members of the Supervisory Board in relation to their obligations vis-à-vis the Issuer and their private interests or other obligations.

Contact address of all members of the Issuer's Supervisory Board is Mlynské nivy 1, 829 90 Bratislava, the Slovak Republic.

5.11 Major shareholders

Issuer's registered capital

The registered capital of VÚB amounts to EUR 430,819,063.81 and is divided into:

- 4,078,108 non-bearer registered shares, with the nominal value of EUR 33.20 per share, admitted to trading on the Bratislava Stock Exchange, ISIN SK1110001437, series 01, 02, 03, 04, 05, 06; and
- 89 non-bearer registered shares, with the nominal value of EUR 3,319,391.89 per share, not publicly traded, ISIN SK1110003573 series 01.

Rights of shareholders to participate in the management of VÚB and to profit and liquidation balance are associated with non-bearer shares in accordance with laws of the Slovak Republic and the Articles of Association of VÚB. Shares are freely transferable. The entire registered capital of VÚB is fully paid up.

Shareholder structure of VÚB as of 31 March 2020

	<i>Share in the registered capital (in %)</i>
Intesa Sanpaolo Holding International S.A. – majority shareholder	97.03
Other legal entities	1.35

Natural persons	1.62
TOTAL	100.00

The number of each shareholder's votes is determined by the ratio of nominal value of its shares and amount of the registered capital of the Issuer.

The nature of control of the majority shareholder results directly from its share in the registered capital of the Issuer. The Issuer is unaware of any actions by this shareholder, which would lead to abuse of control.

The Issuer is unaware of any mechanisms, implementation of which would result in change in the control over the Issuer.

Upon the assessment of relationships with any related parties, the emphasis is put on the nature of relationship, not only on its legal form. Transactions carried out with those parties are made under usual and standard business conditions, (arm's length principle), usually applied to transactions among independent, unrelated parties. In addition, additional assessment procedures and requirements apply with respect to a special category of material business transactions between the Issuer and its related parties as stipulated pursuant to new legislation (Act No. 156/2019 Coll.) that came into effect as of 1 July 1 2019. The amending legislation implemented requirements of EU Directive No. 2017/828 as of 17 May 2017 amending EU Directive No. 2007/36/EC on the exercise of certain rights of shareholders in listed companies and introduced additional rules for performance of material transactions between a listed company and its related parties. Under new regime all material transactions between a listed company and its related parties require prior approval by the shareholders meeting and are further subject to public disclosure by filing the notice on the main transaction terms with the publicly available information sources (e.g. Collection of Deeds or Commercial Gazette). The transaction is considered material if any consideration/performance (in Slovak: *plnenie*) or security interest under a contract is provided by the listed company to its related party and concurrently its respective value hits the materiality threshold of more than 10% of the registered capital of the listed company. In case of the Issuer this represents around 43 mil. EUR. The materiality threshold can be exceeded by one-time or repeated provision of a respective consideration or security interest in the course of one accounting year or during 12 consecutive calendar months. Once a transaction qualifies as material, a related party thereto is excluded from attending the shareholders meeting and from exercising its voting rights in respect of approval of such material transaction. However, the new law provides certain exemptions as to the application of prior approval and public disclosure requirements, in particular the restrictions do not apply in case a relevant material transaction with the related party is carried out by the listed company in the ordinary course of its business and under customary market conditions (i.e. on arm's length basis). The Issuer has already implemented internal rules concerning procedural details of assessment, approval, disclosure and recordkeeping of material business transactions with related parties.

5.12 **Financial information concerning assets and liabilities, financial situation and profits and losses of the Issuer**

Historical financial information that has been audited as well as interim financial information that has not been audited are incorporated into this Base Prospectus by reference from the following Financial Statements:

- the audited consolidated financial statements of the Issuer for the year ended 31 December 2018 prepared in compliance with the IFRS, which form part of the Issuer's 2018 Annual Report;
- the separate financial statements of the Issuer for the year ended 31 December 2019 prepared in compliance with the IFRS, which form part of the Issuer's 2019 Annual Report; and
- the unaudited interim separate financial statements of the Issuer prepared in accordance with IAS 34 for the period of three months ending 31 March 2020.

The audited consolidated financial statements for the year ended 31 December 2018 and for the year ended 31 December 2019 were audited by KPMG Slovensko spol. s r.o., with its registered seat at Dvořákovo nábrežie 10, P.O.Box 7, 820 04 Bratislava, Slovak Republic, member of the Slovak Chamber of Auditors (SKAU), SKAU licence No. 96.

The auditor's statements were in all cases issued without qualification.

No other information in the Base Prospectus has been audited.

As at 31 December 2019, the Issuer's consolidated profit before provisions, impairment and tax decreased by 27.4% to 188.8 mil. EUR and its net profit decreased by 25.1 % to 120.1 mil. EUR.

The capital adequacy ratio of the Issuer on consolidated basis reached 17.38% as at 31 December 2019, representing the level well above the limit required by the ECB and NBS.

For ease of reference for the investors, below are stated selected financial data of the Issuer, consisting of (a) the consolidated statement of financial position as at 31 December 2019 and statement of profit or loss and other comprehensive income for the year ended 31 December 2019, extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2019 prepared in compliance with the IFRS and (b) separate statement of financial position as at 31 March 2020 and separate statement of profit or loss and other comprehensive income for the three months ended 31 March 2020, extracted from the unaudited interim separate financial statements of the Issuer prepared in accordance with IAS 34 for the period of three months ending 31 March 2020.

Consolidated statement of financial position as at 31 December 2019
(in thousands of euro)

	2019	2018
Assets		
Cash and cash equivalents	996,446	1,769,134
Financial assets at fair value through profit or loss:		
Financial assets held for trading	23,454	39,548
Non-trading financial assets at fair value through profit or loss	584	440
Derivatives – Hedge accounting	82,501	26,765
Financial assets at fair value through other comprehensive income	1,574,549	749,974
<i>of which pledged as collateral</i>	<i>773,472</i>	<i>620,922</i>
Financial assets at amortised cost:		
Due from other banks	180,491	102,454
Due from customers	14,377,014	13,617,247
<i>of which pledged as collateral</i>	<i>190,060</i>	<i>199,170</i>
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13,840	9,183
Investments in joint ventures and associates	11,635	8,758
Property and equipment	120,150	91,683
Intangible assets	112,583	92,863
Goodwill	29,305	29,305
Current income tax assets	28,342	1,181
Deferred income tax assets	66,118	70,731
Other assets	22,839	23,747
Non-current assets classified as held for sale	645	26,922
	<u>17,640,496</u>	<u>16,659,935</u>
Liabilities		
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	24,750	39,335
Derivatives – Hedge accounting	59,833	15,226
Financial liabilities at amortised cost:		
Due to banks	551,967	1,192,015
Due to customers	11,951,017	11,130,637
Subordinated debt	200,143	200,181
Debt securities in issue	3,120,695	2,332,253
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4,580	1,499
Current income tax liabilities	-	10,724
Provisions	13,625	24,723
Other liabilities	100,889	99,389
	<u>16,027,499</u>	<u>15,045,982</u>

Equity		
Share capital	430,819	430,819
Share premium	13,719	13,719
Legal reserve fund	88,986	88,986
Retained earnings	1,057,794	1,052,943
Equity reserves	21,679	27,486
	<u>1,612,997</u>	<u>1,613,953</u>
	<u>17,640,496</u>	<u>16,659,935</u>

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019
(in thousands of euro)

	2019	2018
Interest income calculated using the effective interest method	381,148	409,093
Other interest income	6,775	7,419
Interest and similar expense	<u>(47,751)</u>	<u>(49,699)</u>
Net interest income	340,172	366,813
Fee and commission income	157,796	157,689
Fee and commission expense	<u>(30,116)</u>	<u>(29,751)</u>
Net fee and commission income	127,680	127,938
Net trading result	(7,513)	39,774
Other operating income	8,591	6,359
Other operating expenses	(19,835)	(16,092)
Special levy of selected financial institutions	(29,695)	(26,286)
Salaries and employee benefits	(125,349)	(129,223)
Other administrative expenses	(78,302)	(85,793)
Amortisation	(12,654)	(12,448)
Depreciation	<u>(14,286)</u>	<u>(10,808)</u>
Profit before provisions, impairment and tax	188,809	260,234
Provisions	4,927	(340)
Impairment losses	(39,051)	(61,397)
Net gains arising from the derecognition of financial assets measured at amortised cost	<u>(4,883)</u>	<u>3,525</u>
	149,802	202,022
Share of the profit or loss of investments in joint ventures and associates accounted for using the equity method	<u>4,368</u>	<u>2,131</u>
Profit before tax	154,170	204,153
Income tax expense	(34,099)	(43,835)
NET PROFIT FOR THE YEAR	<u>120,071</u>	<u>160,318</u>
Other comprehensive income for the year, after tax:		
<i>Items that shall not be reclassified to profit or loss in the future:</i>		
Change in value of financial assets at fair value through other comprehensive income (equity instruments)	2,676	537
Reversal of deferred income tax on disposed property and equipment	2,101	-

Net revaluation gain from property and equipment	10	2
	<u>4,787</u>	<u>539</u>
<i>Items that may be reclassified to profit or loss in the future:</i>		
Change in value of cash flow hedges	6	(544)
Change in value of financial assets at fair value through other comprehensive income (debt instruments)	(1,329)	(39,760)
Exchange difference on translating of foreign operations	343	(316)
	<u>(980)</u>	<u>(40,620)</u>
Other comprehensive income for the year, net of tax	<u>3,807</u>	<u>(40,081)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>123,878</u></u>	<u><u>120,237</u></u>

Separate statement of financial position as at 31 March 2020
(in thousands of euro)

	March 2020	December 2019
Assets		
Cash and cash equivalents	858,001	996,438
Financial assets at fair value through profit or loss:		
Financial assets held for trading	40,370	23,454
Non-trading financial assets at fair value through profit or loss	366	584
Derivatives – Hedge accounting	99,885	82,501
Financial assets at fair value through other comprehensive income	1,436,720	1,574,549
<i>of which pledged as collateral</i>	<i>758,133</i>	<i>773,472</i>
Financial assets at amortised cost:		
Due from other banks	193,834	180,491
Due from customers	14,083,475	14,078,141
<i>of which pledged as collateral</i>	<i>50,000</i>	<i>190,060</i>
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16,982	13,840
Investments in subsidiaries, joint ventures and associates	63,629	63,629
Property and equipment	107,096	106,554
Intangible assets	111,170	112,046
Goodwill	18,871	18,871
Current income tax assets	36,249	25,309
Deferred income tax assets	66,080	63,157
Other assets	21,887	20,988
Non-current assets classified as held for sale	-	645
	<u>17,154,615</u>	<u>17,361,197</u>
Liabilities		
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	34,904	39,335
Derivatives – Hedge accounting	67,878	15,226
Financial liabilities at amortised cost:		
Due to banks	205,888	1,192,015
Due to customers	11,871,113	11,130,637
Subordinated debt	200,141	200,181
Debt securities in issue	3,087,279	2,332,253
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5,817	4,580
Provisions	11,963	10,671
Other liabilities	78,482	90,757
	<u>15,563,465</u>	<u>15,764,258</u>

Equity		
Share capital	430,819	430,819
Share premium	13,719	13,719
Legal reserve fund	87,493	87,493
Retained earnings	1,058,508	1,043,673
Equity reserves	611	21,235
	<u>1,591,150</u>	<u>1,596,939</u>
	<u>17,154,615</u>	<u>17,361,197</u>

**Separate statement of profit or loss and other comprehensive income
for the three months ended 31 March 2020**
(in thousands of euro)

	March 2020	March 2019
Interest income calculated using the effective interest method	81,404	98,343
Other interest income	38	114
Interest and similar expense	<u>(10,892)</u>	<u>(12,545)</u>
Net interest income	70,550	85,912
Fee and commission income	38,238	36,398
Fee and commission expense	<u>(6,885)</u>	<u>(7,135)</u>
Net fee and commission income	31,353	29,263
Dividend income	4,001	-
Net trading result	1,358	(3,223)
Other operating income	996	444
Other operating expenses	(8,430)	(3,289)
Special levy of selected financial institutions	(15,499)	(7,132)
Salaries and employee benefits	(29,839)	(29,860)
Other administrative expenses	(18,041)	(18,522)
Amortisation	(3,362)	(3,069)
Depreciation	<u>(3,248)</u>	<u>(2,630)</u>
Profit before provisions, impairment and tax	29,839	47,894
Provisions	(4)	5,609
Impairment losses	(9,639)	(7,167)
Net loss/gain arising from the derecognition of financial assets at amortised cost	<u>(2,055)</u>	<u>(1,406)</u>
Profit before tax	18,141	44,930
Income tax expense	<u>(4,152)</u>	<u>(9,823)</u>
NET PROFIT FOR THE THREE MONTHS	<u>13,989</u>	<u>35,107</u>
Other comprehensive income for the year, after tax:		
<i>Items that shall not be reclassified to profit or loss in the future:</i>		
Change in value of financial assets at fair value through other comprehensive income (equity instruments)	(1,391)	1,301
Reversal of deferred income tax on disposed property and equipment	<u>99</u>	<u>-</u>
	<u>(1,292)</u>	<u>1,301</u>

Items that may be reclassified to profit or loss in the future:

Change in value of cash flow hedges	-	7
Change in value of financial assets at fair value through other comprehensive income (debt instruments)	(18,472)	(2,768)
Exchange difference on translating of foreign operations	<u>(388)</u>	<u>275</u>
	<u>(18,860)</u>	<u>(2,486)</u>
Other comprehensive income for the three months, net of tax	<u>(20,152)</u>	<u>(1,185)</u>
TOTAL COMPREHENSIVE INCOME FOR THE THREE MONTHS	<u><u>(6,163)</u></u>	<u><u>33,922</u></u>

5.13 Legal, administrative and arbitration proceedings

No legal, administrative and arbitration proceedings, which have impact or may have impact on financial situation and profitability of the Issuer or its group in the future had been conducted over the period of 12 calendar months prior to the date of the Base Prospectus.

5.14 Significant change in the Issuer's financial position and other significant changes

No significant changes in the financial performance of the Issuer and its group have occurred since the date as at which the audited consolidated financial statements for the year ended 31 December 2019 were prepared and since 31 March 2020 as the end of the last financial period for which financial information has been published.

5.15 Material contracts

On 24 April 2020, the annual General Meeting approved via correspondent voting a material business transaction (as defined in the Commercial Code) between the Issuer and its ultimate parent company Intesa Sanpaolo, S.p.A. in the total value of up to 200 mil. EUR. The transaction involves issuance and subscription of hybrid instruments qualifying as eligible AT1 instrument for the purposes of meeting regulatory capital requirements. Even though the transaction may increase liability of the Issuer and thus affect its ability to satisfy claims of the Bondholders, the risk may be balanced by the resolution of the General Meeting not to pay out dividends but instead to allocate the annual profit for 2019 of 114.1 million EUR as retained earnings in the Issuer's equity to strengthen its capital base.

Save for the above transaction with the related party, the Issuer is not aware of any contracts or transactions entered into outside of the ordinary course of its business which could result in the Issuer or any member of its group being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligations under the Bonds.



6. USE OF PROCEEDS

Net proceeds from each issue of the Bonds will be used by the Issuer for general funding purposes.

7. DESCRIPTION OF THE SLOVAK COVERED BONDS FRAMEWORK

Nature of the CB

CB (in Slovak: *kryté dlhopisy*) as a special type of secured bonds are regulated by the Act on Bonds under Section 20b, the Act on Banks in part 12, the Bankruptcy Act in part 6 and by five regulations of the NBS. According to the Act on Banks, a CB is a bond, the nominal value and proportional interest income of which are fully covered by assets or other property values in a covered pool under Section 68(1) of the Act on Banks, and correspond to the value of assets which, for the whole period of validity of the CBs, are preferentially intended to satisfy claims arising from these CBs and these assets, in case the bank issuing these CBs is not able to pay its liabilities arising from them properly and on time, and will be preferentially used to pay the nominal value of the CBs and proportional interest income. CBs can be issued only by a bank and their name must include the words "covered bond" (in Slovak: *krytý dlhopis*).

CBs can be issued only by a bank that has obtained prior approval from the NBS to carry out activities related to a CB programme. With regard to its definition under the Act on Banks, a CB programme includes generally all assets of the cover pool as well as all liabilities under the covered bonds, all MBs issued by the issuer in the past, any other covered bonds issued by the issuer and other covered liabilities, such as hedging derivatives (if any) and related administrative contracts and functions.

Assets covering CB obligations

The owners of the Bonds have a preferential security right to assets and other property values constituting the cover pool. According to the Act on Banks the cover pool used for covering the obligations related to CBs consists of the following assets and other property values:

- (i) base assets, i.e. the Mortgage Loans,
- (ii) additional assets,
- (iii) hedging derivatives, and
- (iv) liquid assets.

Base assets must account for at least 90 % of the total value of the cover pool less the value of the liquid assets. Additional assets consist of assets that meet conditions under Article 129 (1)(c) of CRR and they can account for not more than 10 % of the total value of the cover pool less the value of the liquid assets (Liquid assets cushion).

Hedging derivatives registered in the cover pool consist of derivatives, the purpose of which is to manage and mitigate currency risk or interest rate risk connected with issued CBs.

If the bank issuing CBs has not aligned the maturities of positive cash flows and negative cash flows within the CB programme in every moment during the consecutive 180 days then, to cover all expected negative cash flows from the CB programme, it is obligated to cover them from a buffer of liquid assets at least in the value of uncovered negative cash flows. The buffer of liquid assets consists of assets of Tier 1 and assets of Tier 2A under Articles 10 and 11 of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing CRR.

Register of CBs

The bank issuing CBs shall register the cover pool, the issued CBs, the related liabilities and costs in the register of CBs. Assets and other property values become a part of the cover pool when registered in a register of CBs and are a part of the cover pool until they are deleted from the register of CBs. Assets and other property values constituting a part of the cover pool are used by the bank issuing CBs preferentially to cover the bank's liabilities registered in the register of CBs and the bank must not dispose of them or use them to secure other liabilities until they are deleted from the register of CBs. The Issuer is responsible for the correctness, completeness and timeliness of the data registered in the register of CBs.

When the bank issuing CBs is not able to pay its liabilities from CBs properly and on time, the assets and other property values registered in the register of CBs, including their securities or income from their transfer, shall be preferentially used to pay liabilities from the issued CBs, the estimated liabilities or costs connected with the management of the issued CBs and the liabilities which arise from the hedging derivatives registered in the register of CBs.

All defaulted loans (in general the obligor is in default for more than 90 days) must be removed from the cover pool and erased from the register of covered bonds and are replaced by duly performing loans, which contributes to strengthening of the cover pool and improving the ability of the Issuer to meet its obligations towards the

Bondholders. Stay on repayment according to COVID-19 legislation (Act No. 67/2020 Coll.), however, does not affect characteristics of default and such a loan with stay on repayment does not have to be removed from the cover pool (unless there is another reason for default).

Furthermore, consumers and small and medium enterprises (SMEs) may request the Issuer for stay on repayment of either loans principal or both loans principal and interest owed to the Issuer (as a Slovak bank) for up-to 9 months. New legislation further prohibits acceleration of loans during the term of stay.

Asset coverage ratio (over-collateralisation)

The Act on Banks sets out a minimum level of 5 per cent. of over-collateralisation. The coverage ratio is a ratio of the value of the cover pool and the total of the values of related liabilities and costs incurred by the bank issuing CBs. The bank is obligated to calculate the coverage ratio as of the last day of the relevant month and it must keep it continuously at the minimum level of 105 per cent. In individual terms and conditions of the issuance of CBs, the bank can determine a higher coverage ratio than 105 per cent. Then the bank is obligated to maintain such a higher coverage ratio until the full repayment of the relevant issuance of CBs for the entire relevant CB programme. If the bank determines several higher coverage ratios for different issuances of CBs, it is obligated to maintain the highest coverage ratio for the entire relevant CB programme until the full repayment of the issuance of CBs with such highest coverage ratio, while the bank is also obligated to immediately replenish and continuously replenish the cover pool to the extent corresponding to such highest coverage ratio.

Stress tests

The bank shall, at least once per year, carry out stress tests as part of its CB programme in order to identify potential changes in compliance with the coverage ratio resulting from potential changes in market conditions that might have an adverse effect on the coverage ratio. The bank shall perform a stress test for the period of the preceding calendar year on or before 31 March of the subsequent calendar year. The bank shall set the stress test parameters in line with the stress test performed to evaluate the appropriateness of internal capital. The objective of stress tests is to prove that the bank is able to keep the coverage ratio at the minimum level or at a higher level if it has committed to maintain such a higher level in the terms and conditions of issuance of CBs.

Administrator

The administrator of the covered bonds programme (the **CB Programme Administrator**) verifies whether the bank issuing CBs discharges the obligations associated with the CB programme in accordance with legislation currently in place. The NBS shall appoint a CB Programme Administrator as an independent individual and also his/her deputy. Prior to any issue of CBs, the CB Programme Administrator is required to prepare a written certificate evidencing that coverage of those CBs is secured in accordance with the Act on Banks and that an entry in the register of CBs has been made. The NBS supervises the issuer of CBs.

The CB Programme Administrator has to prepare and file with the NBS detailed report by 30 April of each calendar year. The contents of the report are prescribed under the Act on Banks and NBS regulations and it must include *inter alia* detailed quantitative data on the portfolio of the issued CBs, cover pool, as well as description of any major changes or risks.

Information to the investors and general public

The issuer of CBs shall disclose on its website at least on a quarterly basis information regarding:

- (i) the structure of the CBs, maturity thereof, the number and volume of the issuances of CBs, the currency thereof and the interest rates thereof,
- (ii) the value, type and asset ratio in the cover pool and important changes to it,
- (iii) the volume according to the currency of the monetary nominal value, weighted average residual maturity, weighted average interest rate and weighted average value of base assets' security indicator in the cover pool,
- (iv) the proportional geographical distribution of the base assets and real estate which secure them and constitute the cover pool, and
- (v) other documents and information related to the CB programme.

Transfer of CB programmes

In order to secure higher protection of the claims of owners of CBs arising from CBs, a special legal institution of the transfer of CB programmes has been incorporated into the Act on Banks by the adoption of the Amending

Act (as defined below), which is expected to be used mostly in special circumstances where the bank issuing CBs is subject to various reorganisation measures taken by competent public authorities in the form of initiating involuntary administration or instigating and maintaining resolution proceedings as well as in the case bankruptcy has been declared over the issuing bank's estate. The purpose of using the institution represented by the transfer of the CB programme is to secure that owners of CBs, when such special circumstances occur, have preserved, to the highest possible degree, their claims arising from CBs, which they would otherwise have, had none of the named special circumstances occurred.

In order to be able to fully utilise the potential of exercising the institution represented by the transfer of the CB programme, it is necessary, at first, to inform the NBS in writing about the intention to transfer the CB programme. This notification duty must be fulfilled by an involuntary administrator appointed to carry out involuntary administration over the bank issuing CBs or by the bankruptcy trustee considering whether the intention to transfer the CB programme is instigated during the phase of involuntary administration or after the declaration of bankruptcy. Prior to its decision about notification of the intention to transfer the CB programme, the involuntary administrator/trustee must assess with due professional care whether or not the further management of the CB programme would result in an overall decrease in satisfaction of the owners of CBs. When carrying out the assessment, the involuntary administrator/trustee takes into account the interests and fair satisfaction of all owners of CBs, including creditors under those receivables that fall due on the latest date(s).

If the involuntary administrator/trustee assesses that the further management of the CB programme would result in an overall decrease in satisfaction of the owners of CBs, he/she is obligated to proceed in collaboration with the administrator of the CB programme and to inform the NBS of the intention to transfer the CB programme to a third party. Only one or more banks authorized to perform activities related to the CB programme may acquire the CB programme. The prior approval of the NBS is required for the transfer of the CB programme, including the conclusion of a contract for the transfer of the CB programme between the relevant transferor and transferee. The CB programme shall be transferred for adequate consideration within one year of the date of delivery of the notice of an involuntary administrator/trustee to the NBS of the intention to transfer the CB programme. The NBS, at the request of the involuntary administrator/trustee, can issue a decision on the extension of this period by not more than one year within one month before such period expires, where it can be reasonably assumed that a later transfer of the CB programme will lead to the achievement of a higher level of satisfaction of debts owed to the owners of CBs.

The validity and effect of the transfer of the CB programme is subject neither to the consent of the owners of CBs under the Act on Bonds concerning the change of the terms and conditions of issuance of CBs represented by the change in a person of the issuer of the CBs resulting from the transfer of the CB programme, nor to the consent of the debtors of liabilities corresponding to the receivables constituting base assets in the cover pool of the issued CBs. The exception to this rule is where the transfer of the CB programme is carried out outside the involuntary administration or bankruptcy proceedings; in such case only the consent of the owners of CBs to the change of the terms and conditions of issuance of the CBs is required in relation to the validity and effect of the transfer of the CB programme. The provisions on the sale of an enterprise or a part of it as set forth in the Commercial Code shall apply to the transfer of the CB programme, however, in order to transfer the CB programme, it is not required to transfer the whole or any part of the personnel element of the business (i.e. employees of a transferor bank) and after the transfer of the CB programme the creditors of the transferor bank (i.e. any owner of CBs) may not request a judicial ruling that the transfer of an obligation from the seller to the buyer is ineffective if such obligation towards the creditor constitutes a part of the transfer of the CB programme. The transfer of the CB programme is registered in the commercial register on the basis of an application submitted by the involuntary administrator/trustee immediately after the transfer of the CB programme.

Extension of CB maturity in case of proposed transfer (soft bullet extension)

The key feature of the mechanism introduced by the application of the institution of transfer of the CB programme is that there is no suspension in relation to the satisfaction of the claims of owners of CBs to be paid interest income from CBs within the original maturities during the whole period (maximum 2 years) for the transfer of the CB programme, regardless of whether the transfer is being carried out as part of involuntary administration or bankruptcy. Apart from that, in relation to each individual issuance of CBs where its original maturity expires during the period for the transfer of the CB programme, the owners of CBs take advantage of additional income that is generated from the payment of interest income for the whole period by which the original maturity of such issuance is extended. This mechanism seeks to partially compensate the owners of CBs for being restricted from exercising their rights related to CBs due to the suspension in payment of the principal amount of the CBs resulting from the extension of the original maturities of issuances that expire during the period for the transfer of the CB programme.

The original maturity shall be extended by a period of 12 months in relation to the issuances of CBs the residual maturity of which is shorter than 11 months during the period from the second until the 12 month following the day of delivery of a notice of the involuntary administrator/trustee to the NBS of the intention to transfer the CB programme. In relation to the issuances mentioned in the preceding sentence the original maturity is extended by another twelve months if the involuntary administrator/trustee delivers a notice to the NBS of the extension of the period for the transfer of the CB programme for another 12 months and the NBS approves such extension. If the residual maturity of the issuance of CBs is shorter than twelve months during the additional 12 months period for the transfer of the CB programme, the original maturity of such issuance shall be extended by a period of 12 months. The payments of interest income from CBs are continuously paid in full amount to the owners of CBs during all the extended maturity periods of individual issuances mentioned above, while, original terms of payment of yield, including the method of its calculation, shall apply equally during the relevant extended maturity period. The only exception as to the suspension of payment of the principal amount of CBs during the period for the transfer of the CB programme applies where the original maturity of a relevant issuance of CBs expires on any day within the first month of the day of delivery of the notice of the involuntary administrator/trustee to the NBS of the intention to transfer the CB programme. In such case, all debts owed under CBs are paid to the owners of CBs within their original maturities, including the debts in full amount corresponding to the payment of the principal amount of CBs as well as those corresponding to the payment of interest income from CBs.

Additional features of the transfer of CB programme

Another important feature of the institution represented by the transfer of the CB programme is that neither acceleration and early repayment of debts owed by the bank towards the owners of CBs nor acceleration of any other liabilities of the bank related to the CB programme are triggered at the moment bankruptcy is declared over the estate of a bankrupt bank issuing CBs nor during the whole period (maximum 2 years) for the transfer of the CB programme. Instead of immediate acceleration, a delay in fulfilment of liabilities applies to the debts owed by the bank towards the owners of CBs in respect of payment of the principal amount of CBs in accordance with the rules set forth in the preceding paragraph. As regards the debts owed by the bank towards the owners of CBs in respect of payment of interest income from CBs, such debts are discharged with immediate effect within their original maturities in compliance with the abovementioned rules. Acceleration and early repayment of debts owed by the bank towards the owners of CBs are triggered as of the date the trustee terminates the operation of the bankrupt bank's business after declaration of bankruptcy which generally follows immediately after the trustee has failed to ensure realisation of the bankrupt bank's assets via the transfer of the CB programme.

If the trustee fails to manage the realisation of assets via the transfer of the CB programme, it is entitled, in the course of operation of the bankrupt bank's business, to realise the receivables arising under mortgage loans included in the assets of the cover pool via the transfer of such receivables for remuneration. These receivables may be realised only via the transfer of such receivables for remuneration to a third-party transferee that is a bank, foreign bank, branch of a foreign bank or other creditor under the Act on Residential Loans. Similarly, these receivables become immediately due as of the date the trustee terminates the operation of the bankrupt bank's business after the declaration of bankruptcy.

If the bankrupt entity is a bank issuing CBs, the owners of the CBs issued by that bank represent the group of secured creditors. These secured creditors shall have a preferential right to have their claims arising under the CBs satisfied via the realisation of the assets belonging to a separate part of the bankrupt bank's estate. The separate part of the bankrupt bank's estate for these secured creditors shall comprise assets and other property values serving to cover the issued CBs and, at the same time, also for securing the claims of the owners of the CBs against such bank. All these assets and other property values are part of the cover pool of issued CBs, including also receivables from mortgage loans and pledges over real estate securing the claims under mortgage loans serving to cover the issued CBs.

Amending Act

As of 1 January 2018, the mortgage banking regime that existed in the Slovak Republic until that date was repealed and replaced by new legislation, Act No. 279/2017 Coll., dated 12 October 2017, which amended *inter alia* the Act on Banks (the **Amending Act**). The Amending Act has brought about the following changes, among others:

- (i) cancelling the obligation of banks granting mortgage loans to have a licence issued by the NBS for carrying out mortgage transactions;
- (ii) cancelling the obligation of banks to fund the granting of mortgage loans through the issuance and sale of MBs;

- (iii) a new definition of mortgage loan has been introduced that includes all loans granted by banks which are secured by a pledge or other security right to residential real estate;
- (iv) further issuance of MBs as a special type of bonds has been abolished and CBs as a new special type of secured bonds has been introduced; and
- (v) introducing the obligation for the banks performing the activities related to the covered bond programmes to obtain a prior consent of the NBS.

Transition from MBs to CBs

Until 31 December 2017 the Issuer issued MBs under the Programme. Under the Amending Act, it is no longer possible to issue MBs as a special type of bonds as of 1 January 2018. As of 1 January 2018, only CBs can be issued by the Issuer within the Programme, while at the same time the Issuer must, within the boundaries set out by the Amending Act, resolve the situation regarding MBs that have been issued but not yet repaid. By using all available means and options set forth in the Amending Act in relation to existing MB issuances, the Issuer can fully and thoroughly preserve the continuity and inner coherence of activities and processes that are carried out within the Programme during the entire period of its duration. One of the most crucial steps for achieving this result is to reconcile and integrate old records of MBs that have been issued and not yet repaid with new records of CBs in a way that would lead to the formation of one universal source of records about all existing and future issuances within the Programme, as well as about all property values that serve as their coverage.

In order to achieve the result mentioned above, the Issuer utilised a mechanism regulated under Section 122ya(3) of the Act on Banks. This mechanism enabled it to transfer entries from the register of mortgages to the register of CBs, regarding all MBs that were issued prior to 1 January 2018 as well as mortgage loans provided under mortgage loan agreements entered into prior to 1 January 2018, including mortgage loans under Section 72(2) of the Act on Banks (in the wording effective until 31 December 2017), security rights and claims of the Issuer arising from mortgage loans provided under mortgage loan agreements entered into prior to 1 January 2018 and other property values serving as due coverage of mortgage bonds issued prior to 1 January 2018. This transfer could be effected during the transition period that ended on 31 December 2018, provided that the Issuer ensured such assets and other property values met the eligibility criteria for constituting a part of the cover pool pursuant to legal regulations effective after 31 December 2017. After having performed the transfer above, the Issuer carried out deregistration from the register of mortgages and registration to the register of covered bonds on the same date. The aggregate notional amounts of all such re-registered MBs that are considered Bonds shall count towards the total volume of the Programme.

Continuity of rights and obligations

After completing the transfer of entries from the register of mortgages to the register of CBs concerning all MBs and all relevant assets and other property values as mentioned above, the Issuer ensured that the Programme, despite the essential changes in the present legislation that were introduced by the Amending Act, still preserved its inner unity and coherence as concerns the eligible type of securities being issued as well as the ongoing processes and activities related to issuing such securities and creating their coverage. Accordingly, under Section 122ya(4) of the Act on Banks, all MBs are to be deemed to be CBs pursuant to legal regulations effective after 31 December 2017 as of the date of registration in the register of CBs and the designation "*hypotekárny záložný list*" as well as the rights and obligations related to the MBs shall remain and not be affected by the transfer. As a consequence of the transfer of entries from the register of mortgages to the register of CBs, the legal effects anticipated by the Amending Act have been activated in a manner causing reclassification of MBs to CBs without any additional requirements for formal modification of MBs' designation and without any impact on the rights and obligations related to MBs or any related need for change of the Final Terms of issued MBs. By having ensured the fulfilment of the condition for activating the legal effects of reclassification of MBs to CBs, the Issuer has made it possible to continue in processes and activities related to MBs that have been so reclassified within the framework of the existing Programme, in particular, when it comes to the creation of their coverage. The Issuer has ensured the fulfilment of this condition in compliance with the legislative requirements by transferring all entries to a new register of CBs that relates to all such assets and other property values, which were eligible to constitute coverage of issued MBs prior to the date the Amending Act came into effect and which concurrently meet the eligibility criteria for constituting a part of the cover pool under the currently applicable Act on Banks. At the same time, in accordance with the requirements set forth by the Amending Act, the Issuer publishes on its website <https://www.vub.sk/prospekty-cennych-papierov/> and/or <https://www.vub.sk/en/personal-finance/information-service/securities-prospectuses/> data regarding each issuance of MBs that are deemed CBs, including the date as of which they are deemed CBs.

Mortgage Loans and their regulatory framework in the Slovak Republic

The Mortgage Loans provided by the Issuer in the Slovak Republic are secured by mortgages over real estate owned by the relevant borrowers. In case of default, the Issuer as pledgee may enforce its rights against the pledgor (i) through voluntary auction pursuant to Act No. 527/2002 Coll., on Voluntary Auctions and Supplementing Act No. 323/1992 Coll. on Notaries (Notarial Code), as amended, or (ii) by execution.

Regardless of the method of enforcement, the pledgee must always notify the pledgor in writing of the commencement of mortgage enforcement. In this notice the pledgee must specify the method which will be used to enforce the claim. The pledgee can only go ahead with the enforcement of the mortgage after 30 days have lapsed since such notice was delivered. Due delivery of the written notice has significant effects on the pledgor's dispositional rights as, from the moment it receives the written notice, the pledgor may not dispose of the real estate without the pledgee's consent. Disposition without such consent might be void; however, a breach of this prohibition does not affect the validity of a purchase agreement entered into in the ordinary course of business, unless the purchaser must have known about the commencement of enforcement.

The pledgee is not entitled to sell the real estate before the day falling thirty days after (i) delivery of the pledgee's notification of commencement of enforcement to the pledgor or (ii) registration of the commencement of enforcement of the mortgage in the Slovak Cadastral Register, depending on which of the events set out under (i) or (ii) occurs later, unless the pledgee and pledgor agree on an earlier sale after delivery of the notification.

Regardless of the choice of enforcement method, the pledgee is always entitled to reimbursement for necessarily and reasonably incurred expenses associated with the enforcement.

If the borrower under a Mortgage Loan is declared insolvent, the Issuer will qualify as a secured creditor. The Issuer's position as a secured creditor can however be challenged in bankruptcy proceedings. If the bankruptcy administrator files such a challenge, the Issuer has to file an action with the bankruptcy court demanding that the receivable from the Mortgage Loan be recognised as a secured receivable. If the Issuer is recognised as a secured creditor, it would be entitled to have its claim satisfied from the borrower's assets that are subject to the first ranking security created in favour of the Issuer at any time after the decision on resolution of the borrower's bankruptcy by liquidation of the borrower's assets. Secured creditors are, after the deduction of the costs of administration and liquidation of the relevant asset and remuneration of the bankruptcy administrator, satisfied from the proceeds of the liquidation of that asset in the order in which the legal grounds of their entitlement to such satisfaction from that asset arose. The ranking of statutory the pledges is determined on the basis of the date they were registered in the Slovak Cadastral Register.

8. TERMS AND CONDITIONS OF THE BONDS

This section of the Base Prospectus contains certain information in square brackets that do not contain specific information or contain only a general description (or general principles or alternatives). This unknown information, at the moment of preparation of the Base Prospectus, concerning the Bonds, will be completed by the Issuer for individual issues of the Bonds in the Final Terms (as defined below) which will be prepared and published in the form specified in section 9 of the Base Prospectus designated as the "Form of Final Terms".

The text in this section 8 stated in italics is merely a guidance to the preparation of the Final Terms and is not part of the final legally binding text of the relevant Terms and Conditions of the Bonds (as defined below) of the relevant issue of the Bonds.

All issues of the Bonds to be issued under the Programme on the basis of this Base Prospectus will be governed by the Common Terms set out in this section 8 of the Base Prospectus and Part A of the respective Final Terms. Pursuant to Article 8(4) and (5) of the Prospectus Regulation, the Final Terms mean a document designated as the "Final Terms" to be prepared and published by the Issuer with regard to individual issues of the Bonds, and which will contain particular information the description of which is given in square brackets in the Common Terms or elsewhere in this section 8, or which are referred in the Common Terms or elsewhere in this section 8 as to be indicated or specified in the Final Terms of the specific issue (the **Final Terms**).

PART A: COMMON TERMS

This Part A (Common Terms) of this section 8 together with Part A of the Final Terms replaces the terms and conditions (in Slovak: *emisné podmienky*) of the respective issue of the Bonds (the **Terms and Conditions**).

For the avoidance of doubt, the term "Bonds" in the Terms and Conditions only refers to the bonds of the particular issue and shall not be construed as referring to any bonds issued continuously or repeatedly by the Issuer under the Programme.

For the sake of clarity, the articles and paragraphs (referred to as "Conditions") in these Common Terms are numbered separately.

Any reference to a Condition or paragraph in the Terms and Conditions (including in the Final Terms) means reference to a Condition or paragraph of the whole Terms and Conditions of a given issuance of the Bonds.

1. Definitions

For the purposes of the Terms and Conditions, the following expressions shall have the following meaning:

Act on Banks means Act No. 483/2001 Coll. on Banks, amending and supplementing certain acts, as amended.

Act on Bonds means Act No. 530/1990 Coll., on bonds, as amended.

Adjustment Spread means either a spread (which may be positive or negative) or a formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines should be applied to the relevant Successor Rate or the relevant Alternative Benchmark Rate (as applicable), as a result of the replacement of the relevant Reference Rate with the relevant Successor Rate or the relevant Alternative Benchmark Rate (as applicable), and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made, or option provided, or in the case of an Alternative Benchmark Rate, the spread, formula or methodology which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate as a result of the replacement of the Reference Rate with the Successor Rate or Alternative Benchmark Rate (as applicable).

Administration Agreement has the meaning assigned to it in Condition 10.2.

Administrator has the meaning assigned to it in Condition 10.2.

Aggregate Nominal Amount means the maximum sum of all Nominal Values of all the Bonds of a specific issue as defined in the Final Terms of a specific issue.

Authorised Person has the meaning assigned to it in Condition 9.3.

Bankruptcy Act means Act No. 7/2005 Coll., on bankruptcy and restructuring, amending and supplementing certain acts, as amended.

Base Prospectus means this base prospectus for debt securities, issued within the Programme on the basis of which the Issuer is authorised to issue covered bonds (in Slovak: *kryté dlhopisy*) in any currency, on the basis of the information provided therein as later amended.

Benchmark Event means

- (a) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Bonds; or
- (e) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market; or
- (f) it has or will become unlawful for the Issuer to calculate any payments due to be made to any Bondholders using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmark Regulation, if applicable).

The change of the Reference Rate methodology does not constitute a Benchmark Event. In the event of a change in the formula and/or (mathematical or other) methodology used to measure the Relevant Benchmark, reference shall be made to the Reference Rate based on the formula and/or methodology as changed.

Bondholder means a person registered as the owner of the Bonds as set out in Condition 4.

Bratislava Stock Exchange or **BSSE** means the Bratislava Stock Exchange (in Slovak: *Burza cenných papierov v Bratislave, a.s.*), with the registered office at Vysoká 17, 811 06 Bratislava, Slovak Republic, Identification No. (in Slovak: *IČO*): 00 604 054, registered in the Commercial Register of District Court Bratislava I, section: Sa, insert No.: 117/B.

Business Day means a day which is not a holiday under Act No. 241/1993 Coll., on Public Holiday, Non-Business Days and Memorial Days, as amended and Act No. 311/2001 Coll., the Labour Code, as amended and also a day which is the TARGET day (a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System operates and clears the payments denominated in Euro currency).

Central Securities Depository means the Central Depository of Securities of the Slovak Republic (in Slovak: *Centrálny depozitár cenných papierov SR, a.s.*), a joint-stock company incorporated and existing under the laws of Slovak Republic, with the registered office at ul. 29. augusta 1/A, 814 80 Bratislava, Slovak Republic, Identification number: 31 338 976, registered in the Commercial Register of District Court Bratislava I, section: Sa, file no. 493/B.

Chairman of the Meeting means the Issuer or a person designated by the Issuer who chairs the Meeting, until it has been decided at the Meeting that another person is to become the Chairman of the Meeting.

Commercial Code means Act No. 513/1991 Coll., Commercial Code, as amended.

Date of Record for Attending the Meeting means the seventh day before the relevant Meeting.

Determination Date has the meaning assigned to it in Condition 9.4.

Early Maturity Date has the meaning assigned to it in Condition 8.2.

ESMA means the European Securities and Markets Authority.

EURIBOR means a reference rate in the interbank market of the European Monetary Union, which is displayed on web page of the financial informative platform of the company Thomson Reuters/Refinitiv: EURIBOR01 (or

any other alternative page on which this information may be displayed). For calculation of the interest EURIBOR fixed on the second Business Day before the Interest Period is commenced will be applied. Should the EURIBOR rate be not fixed 2 business days before the start of the Interest Period, the closest preceding fixed rate for the relevant EURIBOR will be applied.

European Money Market Institute is the administrator of reference rate EURIBOR and as of the date of the Base Prospectus it is registered in registry of the ESMA in accordance with Regulation (EU) 2016/1011 of 8 June 2016 on Indices Used as Benchmarks in Financial Instruments and Financial Contracts or to Measure the Performance of Investment Funds and Amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the **Benchmark Regulation**).

Final Terms means the final terms of the relevant issue prepared by the Issuer substantially in the form set out in section 9 (Form of Final Terms) of the Base Prospectus.

Independent Adviser means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense.

Interest Determination Date has the meaning given to it in the relevant Final Terms.

Interest Payment Date means a date specified in the Final Terms of the issue on which the interest is payable. Should the payment day fall on a day other than a Business Day, the payment date shall be the next Business Day immediately following non-Business Day. In such case, there will be no entitlement to additional interest or any other appreciation.

Interest Period means the period commencing on the Issue Date (inclusive) and ending on the first Payment Date (exclusive) and subsequently each successive period commencing on the Payment Date (inclusive) and ending on the next successive Payment Date (exclusive) until (a) the Maturity Date (exclusive) or until (b) the Early Maturity Date (exclusive) if the Bonds are redeemed early.

Interest Rate has the meaning assigned to it in Condition 7.1.

Issue Date means the date when the Bonds issue is commenced as specified in the relevant Final Terms.

Issue Price has the meaning assigned to it in Condition 2.6.

Issuer or **VÚB, a.s.** means Všeobecná úverová banka, a.s., with the registered office at Mlynské nivy 1, 829 90 Bratislava, Identification No. (in Slovak: *IČO*): 31 320 155, registered in the Commercial Register of District Court Bratislava I, section: Sa, insert No.: 341/B, LEI: 549300JB1P61FUTPEZ75.

LIBOR means a reference rate in the London interbank market, which is displayed on the web page of financial informative platform of the company Thomson Reuters/Refinitiv: LIBOR01 (or any other alternative website, on which this information is displayed). For calculation of the yield LIBOR fixed on the second Business Day before the Interest Period is commenced will be applied. Should the LIBOR rate be not fixed 2 Business Days before the start of the Interest Period, the closest preceding fixed rate for the relevant LIBOR will be applied. ICE Benchmark Administration Limited is the administrator of reference rate LIBOR and as of date of the Base Prospectus it is registered in ESMA registry in accordance with the Benchmark Regulation.

LSE means Luxembourg Stock Exchange, with the registered office at 35A Boulevard Joseph II, L-1840 Luxembourg, the Grand Duchy of Luxembourg.

Maturity Date means a date when the nominal value of a specific issue of the Bonds will be paid out.

Margin means one of the floating rate components, the amount of which is defined in the Final Terms of a specific issue.

Meeting has the meaning assigned to it in Condition 14.1.

Nominal Value means the nominal value (denomination) of each Bond and the principal amount to be repaid by the Issuer under each Bond as defined in the Final Terms of a specific issue.

Payment Date means has the meaning assigned to it in Condition 7.3.

Payment Venue has the meaning assigned to it in Condition 9.2.

Person Entitled to Attend the Meeting means any Bondholder who has been registered as the Bondholder pursuant to Condition 4.1, except for the Issuer itself and any person controlled by the Issuer.

PRIBOR means a reference rate in the Czech interbank market displayed on the web page of the financial informative platform of the company Thomson Reuters/Refinitiv: PRIBOR (or any other alternative page on which this information may be displayed on the day when the relevant Interest Rate is determined). For calculation of the interest, PRIBOR fixed on the second Business Day before Interest Period is commenced will be applied. Should the PRIBOR rate be not fixed 2 Business Days before the start of the Interest Period, the closest preceding fixed rate for the relevant PRIBOR will be applied. Czech Financial Benchmark Facility, s.r.o. is the administrator of reference rate PRIBOR registered in ESMA registry in accordance with the Benchmark Regulation.

Prospectus Regulation means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Reference Rate means an interest rate defined for calculation of the interest income on the Bonds bearing the floating rate. If the relevant reference rate has not been determined in the Final Terms, then in the Bonds with the floating rate and nominal value denominated in euro, the reference rate EURIBOR will apply. In the Bonds with floating rate and nominal value denominated in the Czech koruna, PRIBOR will be applied as a reference rate. In the Bonds with floating rate and nominal value denominated in the US Dollars, LIBOR will be applied as a reference rate. Should the issue be denominated in other currency, the reference rate will be indicated in the Final Terms of the issue together with the information on registration of the administrator of reference rate to the registry of ESMA in accordance with the Benchmark Regulation.

Relevant Account has the meaning assigned to it in Condition 4.1.

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

Securities Act means Act No. 566/2001 Coll., on securities and investment services, as amended.

Specified Currency has the meaning assigned to it in Condition 2.7.

Successor Rate means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser (with the Issuer's agreement) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

2. Basic information, form and manner of issue of the Bonds

- 2.1 The Bonds [ISIN], [FISN], [Common Code] will be issued by the Issuer in accordance with the Act on Bonds, Act on Banks and Securities Act.
- 2.2 The Bonds are issued as covered bonds (in Slovak: *kryté dlhopisy*) under Section 67 et seq. of the Act on Banks and are covered by assets or other property values in the cover pool pursuant to the relevant provisions of the Act on Banks.
- 2.3 The Bonds represent a specific type of secured bonds (in Slovak: *zabezpečené dlhopisy*) under Section 20b of the Act on Bonds, which Nominal Value and proportional interest income is fully covered by assets or asset values in a covered pool under Section 68 (1) of Act on Banks. These assets and assets values correspond to the value of assets which, for the whole period of validity of the Bond, are preferentially intended to satisfy claims arising from this Bond and these assets, in case the Issuer is not able to properly and timely pay its liabilities arising from it, will be preferentially used to pay the Nominal Value of the Bond and proportional interest income. In the event of bankruptcy over the assets of the Issuer a Bondholder has a status of covered creditor with the right for preferential satisfaction of its covered receivable for the payment of nominal value and

proportional interest income related to the Bonds out of that part of assets of Issuer subject to bankruptcy, which forms a separate part within the bankruptcy in the scope of assets and assets values under Section 195a (1) of the Bankruptcy Act.

- 2.4 The Bonds are book-entered securities (in Slovak: *zaknihované cenné papiere*) in bearer form (in Slovak: *vo forme na doručiteľa*) registered in the Central Securities Depository pursuant to the Securities Act.
- 2.5 The Bonds will be issued with principal amount (in Slovak: *menovitá hodnota*) of each of the Bonds of [**Nominal Value**], the number of securities being no more than [**Number of Securities in the Issue**]. No global certificates (neither in temporary nor permanent global form), definitive certificates or coupons will be issued with respect to any Bonds.
- 2.6 The issue price of the Bonds was determined as [**Issue Price in %**] of the Nominal Value (the **Issue Price**).
- 2.7 The Bonds will be exclusively issued in the currency [**Currency**].
- 2.8 Individual issues of the Bonds may be issued by the Issuer in parts (tranches) in compliance with the applicable provisions of the Act on Bonds, if so specified in the Final Terms and up to the Aggregate Nominal Amount. Any such further parts (tranches) will be fungible, from the moment of their issuance, with the original tranche and will form the single issue of the Bonds governed by the same terms and conditions. Any Meeting convened will relate to all tranches of the Bonds of the single issue. [**Further specification of issuing in tranches**].
- 2.9 The name of the Bonds is [**Name**].
- 2.10 [**Information on resolutions, permits and approvals in respect of the issue of the Bonds**]
- 2.11 The Aggregate Nominal Amount (in Slovak: *celková menovitá hodnota emisie*) of the Bonds will be no more than [**Aggregate Nominal Amount**] and after deduction of the costs relating to the issue of the Bonds (costs of the Central Securities Depository, admission to trading, advisers, subscription or placement of the Bonds, administration, settlement and other associated costs) the estimated net proceeds from the issue of the Bonds will be [**Estimated Net Proceeds from the Issue**].
- 2.12 The issue date of the Bonds is set for [**Issue Date**].
- 2.13 The Bonds will be issued under the EUR 5,000,000,000 debt securities issuance programme pursuant to Article 8 of the Prospectus Regulation.

3. Rights attached to the Bonds

- 3.1 The Bonds will be issued in accordance with the Act on Bonds, the Securities Act and the Act on Banks. The Bondholders have the rights and obligations arising from these acts and the Terms and Conditions. The procedure for exercising these rights follows from the applicable laws and the Terms and Conditions.
- 3.2 Rights attached to the Bonds are not restricted, except for general restrictions pursuant to applicable legal regulations.
- 3.3 The transferability of the Bonds is not restricted. No rights to exchange them for any other securities and no pre-emption rights (rights for preferential subscription) to any securities and no other benefits are attached to the Bonds.
- 3.4 The payment of the Nominal Value or the payment of interest on the Bonds is secured (covered) in compliance with the applicable provisions of the Act on Banks.
- 3.5 No joint representative of the Bondholders or any other representative of Bondholders has been appointed.

4. Bondholders and transfers

- 4.1 The Bondholders will be the persons registered as owners of the Bonds (a) on the owner's account (in Slovak: *účet majiteľa*) maintained by the Central Securities Depository or by a member of Central Securities Depository; or (b) in the internal records of a person for which Central Securities Depository maintains a custody account (in Slovak: *držiteľský účet*) or similar account (each such account referred to as the **Relevant Account**). If some of the Bonds 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 Bondholder and perform *vis-a-vis* the Issuer and to the account of the Bondholder all legal acts (either in the Bondholder's name or in its own name) associated with the Bonds as if this person were their owner.
- 4.2 A transfer of the Bonds is made through the registration of the transfer in the Relevant Account.

4.3 Unless the law or a decision of the court delivered to the Issuer provides otherwise, the Issuer will deem each Bondholder as the authorised owner in all respects and make the payments under the Bonds to that Bondholder.

5. Status of obligations under the Bonds

5.1 Obligations from the Bonds constitute direct, general, secured (covered, in Slovak: *kryté*), unconditional and unsubordinated liabilities of the Issuer which rank *pari passu* among themselves and always rank at least *pari passu* with any other direct, general, similarly secured (covered, in Slovak: *kryté*), unconditional and unsubordinated obligations of the Issuer, present and future, save for those obligations of the Issuer as may be stipulated by mandatory provisions of law.

6. Representations and undertakings of the Issuer

6.1 The Issuer declares that it owes to the Bondholders the Nominal Value and undertakes to repay the Nominal Value and any interest on the Bonds (if the Bonds bear interest income), in accordance with their Terms and Conditions.

6.2 The Issuer undertakes to treat all Bondholders in the same circumstances equally.

7. Interest

7.1 The Bonds will bear interest from the date of the Issue Date. [**Determination of interest** – [The Bonds bear a fixed interest rate throughout their life, in the amount of [**Rate**]% p. a.] (the **Interest Rate**).]

or for zero-coupon Bonds: [The Bonds have no interest rate and their interest is determined as the difference between the Nominal Value of the Bonds and their Issue Price. Conditions 7.3 to 7.9 and any reference to interest or its payment shall in this case not be applicable to the Bonds.]

or for the floating rate Bonds: [The Bonds bear interest at the floating rate set as the sum of the [**Reference Rate**] (the **Reference Rate**) and [**Margin**] % p. a. (together, the **Interest Rate**). The current floating Interest Rate for the relevant Interest Period shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 15. [**Specification of the Interest Determination Dates**].]

7.2 Yield to maturity as at the Issue Date amounts to: [**Yield to Maturity**].

7.3 Interest on the Bonds will be always paid [**Interest Payment Frequency**] on [**Interest Payment Date(s)**] of the relevant calendar year (each a **Payment Date**) in compliance with Condition 9. Interest on the Bonds will be paid to the Bondholders for each Interest Period retrospectively, for the first time on [**First Interest Payment Date**]. Interest on the Bonds shall be calculated according to the convention [**Convention**] (as defined below).

7.4 The amount of interest payable to each Bondholder shall be calculated (a) as the *multiple* of the Nominal Value and the Interest Rate (expressed as a decimal number), (b) by subsequent multiplication of this amount by the relevant fraction of days calculated in accordance with the convention specified in the preceding sentence, (c) by subsequent multiplication of this amount by the number of the Bonds held by the relevant Bondholder, and (d) by rounding the resulting value to two decimal places, with the value of 0.005 being rounded up. The same procedure shall be used also for calculation of the aliquot accrued interest.

7.5 The Bonds will cease to bear interest as of the Maturity Date or the Early Maturity Date (if the Bonds are redeemed early), provided that the Nominal Value has been repaid as of this date. If the Nominal Value is not fully repaid as of the Maturity Date or the Early Maturity Date (if the Bonds are redeemed early) due to the Issuer's fault, the Bonds will continue to bear interest at the Interest Rate until all due amounts in respect of the Bonds have been paid.

7.6 **Convention** means for the purposes of the Terms and Conditions one of the following conventions for the calculation of interest:

(a) **30/360** as a ratio “number of days in the period for which the interest has been determined to 360 (in this case the year is deemed to have 360 days, 12 months and a month has 30 days, whereas in event that (i) the last day of the period for which the interest has been determined falls on the 31st day of a month and concurrently the first day of this period is not the 30th or 31st day in a month, that month shall have 31 days or (ii) the last day of the period for which the interest has been determined, is the last day in February, than the months shall not be extended onto 30 days”;

(b) **30E/360** which, for the purposes of the calculation, means that a calendar year has 360 days divided into 12 months, and each month has 30 days;

- (c) **Act/360** which, for the purposes of the calculation, means that a calendar year has 360 days; however, the actual number of days lapsed in the relevant Interest Period is taken into consideration, i.e. the same convention as for the Reference Rate is used;
- (d) **Act/365** which, for the purposes of the calculation, means that a calendar year has 365 days; however, the actual number of days lapsed in the relevant Interest Period is taken into consideration, i.e. the same convention as for the Reference Rate is used; and
- (e) **Act/Act** which, for the purposes of the calculation, means the actual number of days from the beginning of the Interest Period to the day of the relevant calculation divided by 365 (or if any part of the period for which the interest income is determined falls within a leap year, the sum of (i) the actual number of days in that part of the period for which the interest income is determined, which falls within the leap year, divided by the number 366, and (ii) the actual number of days in that part of the period for which the interest income is determined, which falls into the non-leap year, divided by the number 365).
- 7.7 No calculation agent or representative will be appointed, the Issuer itself will make all calculations with regard to the Bonds. The calculation of interest on the Bonds or any other payments in respect of the Bonds by the Issuer will be final and binding for all Bondholders, except for a manifest error.
- 7.8 The details about the performance history / current performance and volatility of the interbank rate (e.g. EURIBOR, PRIBOR, LIBOR) used as the Reference Rate are displayed on the page of Thomson Reuter's/Refinitiv financial and information platform. This information may be used as a part of several information sources for determining the expected performance of the underlying rate.
- 7.9 If the current Reference Rate is not available on the date of determination of the Interest Rate for relevant Interest Period (for reasons other than a Benchmark Event set out below), the most recent value published on the financial and information platform of Thomson Reuters/Refinitiv (or any other alternative page on which this information is displayed) will apply for purposes of determination of the Interest Rate.
- 7.10 Notwithstanding the foregoing provisions of this Condition 7, if the Issuer determines that a Benchmark Event has occurred, when any Interest Rate (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:
- (a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the determination (with the Issuer's agreement) of a Successor Rate or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an alternative rate (the **Alternative Benchmark Rate**) and, in either case, an alternative screen page or source (the **Alternative Relevant Screen Page**) and an Adjustment Spread (if applicable) no later than three Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Interest Rate applicable to the Bonds for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 7.10);
- (b) the Alternative Benchmark Rate shall be such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of the Bonds denominated in the respective currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;
- (c) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date in accordance with paragraph (b) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of the Bonds denominated in the respective currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; **provided however that** if this paragraph (c) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this paragraph (c), **then** the Reference Rate applicable to such Interest Period

shall be equal to the Reference Rate for a term equivalent to the relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the relevant Margin relating to the relevant Interest Period, in place of the margin relating to that last preceding Interest Period). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 7.10;

- (d) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the benchmark and the Relevant Screen Page in relation to the Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 7.10);
- (e) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that (i) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of a relevant Interest Rate (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate;
- (f) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Relevant Screen Page, Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Bonds, and the method for determining the fallback rate in relation to the Bonds, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment Spread, which changes shall apply to the Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 7.10); and
- (g) the Issuer shall promptly following the determination of any Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page and Adjustment Spread (if any) give notice thereof and of any changes pursuant to paragraph (f) above to the Bondholders.

7.11 The Bonds have no derivative component in the interest payment.

8. Maturity of the Bonds

8.1 The **Maturity Date** will be [**Maturity Date**].

8.2 [**Repayment, redemption and early repayment options.** [The Issuer shall repay the Nominal Value of each Bond in full on the Maturity Date.] *or*

[The Nominal Value of each Bond shall be repaid by the Issuer in several instalments, i.e. not as bullet payment at the end of maturity. The relevant instalment of the Nominal Value plus the interest payment for the given Interest Period will be paid on the Payment Date. Repayment of the Nominal Value will be split into instalments the number of which will correspond to that of Interest Periods, unless otherwise specified. [**Specification of the repayment amounts and relevant Payment Dates**]] *or*

[The Issuer shall repay the Nominal Value of each Bond in full on the Maturity Date with option of early repayment initiated by the Issuer. The Issuer, upon its decision, will be entitled to repay the Bonds before their maturity [**Specification of the early repayment conditions**]. The Issuer, upon its decision, will be entitled to repay a portion of Bonds (while maintaining the principle of equal treatment of all Bondholders) or all Bonds at any time and repeatedly provided it has notified its decision to all Bondholders not before 60 days and no later than five days prior to early repayment (date of such early repayment as the **Early Maturity Date**). The notice of early repayment shall be published in accordance with Condition 15. Issuer's notice of early repayment shall be irrevocable. In such a case the Issuer will pay an outstanding amount of Nominal Value of the Bonds or all Bonds together with accrued interest. [**Specification of other payment conditions upon early repayment**]]

8.3 The Issuer shall not be committed to early repayment of the Bonds on request of the Bondholder and the Bondholder shall not be entitled to request the early repayment under any circumstances.

- 8.4 The Issuer has the right to purchase any of the Bonds on the secondary market at any market price any time prior to the Maturity Date. The Bonds purchased by the Issuer will not cease to exist and the Issuer may keep and resell them. However, the Issuer may at any time after the buy-back of the Bonds until the Maturity Date decide to cancel the Bonds, in which case the Bonds bought back by the Issuer shall cease to exist.
- 9. Payment terms and conditions**
- 9.1 The interest from the Bonds and the Nominal Value shall be paid to the Bondholder in accordance with the tax, foreign exchange and other applicable Slovak legal regulations effective on the date of the relevant payment.
- 9.2 Payment of the interest from the Bonds and the repayment of the Nominal Value will be made in accordance with the Terms and Conditions, through the Issuer and/or the Administrator (as defined below) of the issue of the Bonds at its registered seat (the **Payment Venue**).
- 9.3 The interest from the Bonds and the Nominal Value shall be paid to persons who will prove to be the Bondholders according to the current register of Bonds held by the Central Securities Depository or a Central Securities Depository member or a person registering a Bondholder for the Bonds registered on the holding account held for such a person by the Central Securities Depository at the close of business hours of the Central Securities Depository on the relevant Determination Date (the **Authorised Person**).
- 9.4 For the purposes of the Terms and Conditions, the **Determination Date** means:
- (a) for the purposes of the payment of interest from the Bonds, the 30th calendar day prior to the Payment Date (exclusive), or
 - (b) for the purposes of the payment of the Nominal Value:
 - (i) the 30th calendar day prior to the of Maturity Date (exclusive); or
 - (ii) the 30th calendar day prior to the Early Maturity Date.
- 9.5 The Issuer shall make the payment of interest from the Bonds and the Nominal Value to the Authorised Persons via wire transfer to their accounts held at the bank, foreign bank or a branch of the foreign bank, which the Authorised Person shall notify to the Issuer in a manner satisfactorily certain and acceptable for the Issuer no later than 20 Business Days prior to the Payment Date or the Maturity Date or the Early Maturity Date.
- 9.6 The form and content of the instruction must satisfy the reasonable requirements of the Issuer, and the Issuer will be entitled to request sufficiently satisfactory evidence that a person who has signed the instruction is authorised to do so on behalf of the Authorised Person. Such evidence must also be delivered to the Issuer no later than 20 Business Days prior to the Payment Date / Maturity Date / Early Maturity Date (as applicable). In particular, the Issuer will be entitled to request any Authorised Person to deliver an officially certified power of attorney if the Authorised Person acts through a representative.
- 9.7 The Issuer shall not be obliged to accept the documents and written instruments presented by Authorised Person if executed in other than the English, Slovak or Czech language. The Issuer will be entitled to request translation into the Slovak language with attestation clause of the translator attached thereto. The Issuer will be entitled to rely on translation of the document / instrument. The Issuer shall not be obliged to examine accuracy of the translated document / instrument against original text. In event of documents prepared abroad, the Issuer will be entitled to request that these documents be authenticated and super-legalized and furnished with Apostille based on Hague Convention abolishing the requirement of legalisation for foreign public documents of 5 October 1961. The Issuer shall not be obliged to execute any acts, namely, to pay-out the interests without limitation, and repay the Nominal Value of the Bonds based on the application form, unless the following documents have been presented: (i) originals or officially certified documents confirming existence and mode of acting of the Authorised Person and/or Bondholder and/or persons acting for and on behalf of the parties; and (ii) originals or officially certified documents confirming authorization to act for and on behalf of the parties specified in item (i) above. The Issuer shall not be obliged to accept any documents or instruments unless the signatures affixed thereto have been verified by the Issuer's employees in charge or officially certified.
- 9.8 Despite the Issuer's rights under the preceding paragraphs, the Issuer will not (a) be obliged to verify the authenticity of the instruction according to this clause, or (b) be liable for any damage incurred in relation to any delay resulting from the delivery of incorrect, out-of-date and/or incomplete instruction, or (c) be liable for any damage incurred in connection with the verification of the instruction or any other information or documents pursuant to this clause. In these cases, the Authorised Person shall not be entitled to any additional payment or interest for the caused delay or the delay of the relevant payment.

- 9.9 If the Issuer, in reasonable time after the Payment Date, the Maturity Date or the Early Maturity Date (as the case may be) cannot pay any amount due in relation to the Bonds due to delays caused by the Authorised Person, failure to provide a proper instruction or for other reasons on the part of the Authorised Person (e.g. in case of his/her death), the Issuer may, without prejudice to its authorisation pursuant to Section 568 of Act No. 40/1964 Coll. the Civil Code, as amended, deposit the due amount at the expense of the Authorised Person (or its legal successor) at his discretion either into notarial custody or keep the due amount itself. By depositing the due amount into custody (notarial or its own), the Issuer's obligation for payment of such amount is deemed to have been satisfied and the Authorised Person (or its legal successor) shall in such case not be entitled to any additional payment, interest or other proceeds in connection with the safekeeping and later payment of the amount.
- 9.10 If the Payment Date, the Maturity Date or the Early Maturity Date, as the case may be, falls on a day other than a Business Day, the Payment Date, the Maturity Date or the Early Maturity Date will be deemed to fall on the next Business Day, provided that in this case no additional interest or other additional amounts will accrue on the Bonds.

10. Administrator

- 10.1 The activities of the administrator related to the payments of interest, redemption of the Bonds and calculations related to the determination of interest and other payments shall be performed by the Issuer.
- 10.2 The Issuer reserves the right to designate at any time another or additional Payment Venue or to appoint one or more administrators (the **Administrator**) in relation to one or several issues or only in relation to this activity in some countries. The Administrator can only be a bank, a branch of a foreign bank, or another person with the required authorisation to do so. If the Issuer appoints an Administrator, it shall enter into an agreement with such Administrator (the **Administration Agreement**) which will regulate the rights and obligations of the Issuer and the Administrator to ensure that all of the rights and obligations of the Issuer under the Terms and Conditions, the Act on Bonds, the Act on Banks, the Securities Act and any other applicable legal regulations are performed. The provisions of the Terms and Conditions concerning making payments and other administrative functions applicable to the Issuer shall apply to the Administrator *mutatis mutandis*. The changes to the Administrator and the Payment Venue shall be deemed to be the changes of the Payment Venue. The changes must not be substantially detrimental to the Bondholders. The Issuer shall notify the Bondholders of its decision to appoint the Administrator. Any such change shall become effective after the end of a 15-day period after the date of the notice, unless a later effective date is specified in the notice. However, any change which would otherwise become effective less than 30 days prior to or after the Payment Date of any amount in relation to the Bonds, shall become effective on the 30th day after such Payment Date.
- 10.3 The Administrator (if appointed) acts as the Issuer's representative in relation to the performance of the obligations arising from the Administration Agreement and unless the Administration Agreement or the law provides otherwise, it has no legal relationship with the Bondholders. The Administrator shall not guarantee the Issuer's obligations under the Bonds or secure them in any other manner.
- 10.4 The Issuer and the Administrator may, without the consent of the Bondholders, agree on (a) any change of any provision of the Administration Agreement if such change is exclusively of a formal, ancillary or technical nature or if it is made in order to correct a manifest error or required due to changes in legal regulations; and (b) any other change and waiver of claims arising from any breach of any provision of the Administration Agreement which, in the reasonable opinion of the Issuer and the Administrator, will not be detrimental to the Bondholders.

11. Taxation

The payments of the Nominal Value and interest from the Bonds are subject to withholding tax, levies or other charges if required by the Slovak legal regulations applicable as at the date of their payment.

[**Gross-up** – [The Issuer will not be obliged to pay any additional sums to the recipient for the reimbursement of these withholdings, taxes, levies or charges.] *or* [If such withholding or deduction is required by the laws of the Slovak Republic, the Issuer will pay such additional amounts to the Bondholders as will be necessary so that the net amount of the principal or interest received by the Bondholders after such withholding or deduction will equal the respective amounts which would otherwise have been received in respect of the Bonds in the absence of such withholding or deduction (the **Additional Amounts**). However, no such Additional Amounts will be payable on account of any withheld or deducted tax which:

- (a) is payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Bondholder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a payment of tax by way of withholding or deduction by the Issuer as tax payer;

- (b) is payable by reason of the Bondholder having, or having had, some personal or business connection with the Slovak Republic;
- (c) is withheld or deducted pursuant to: (i) any European Union directive or other legal instrument of the Union law concerning the taxation of distributions income; or (ii) any international treaty relating to such taxation and to which the Slovak Republic or the European Union is a party; or (iii) any provision of law implementing, or complying with, such directive, legal instrument or treaty;
- (d) is payable by reason of a change in law that becomes effective more than 30 days after the relevant payment in respect of the Bonds becomes due; or
- (e) would not be payable if the Bondholder would provide a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.]]

12. Limitation

Any rights arising from the Bonds shall become time-barred after the lapse of the ten-year period from (a) the relevant Payment Date in the case of the right to claim an interest payment; or (b) the Maturity Date, in the case of the right to claim the payment of the Nominal Value of the Bond; and (c) the first day on which such right could have been enforced under the law, in the case of any other right as the ones mentioned above.

13. Unilateral modifications

The Issuer may unilaterally change the Terms and Conditions only if such change is a correction of a manifest inaccuracy in the provisions of the Terms and Conditions, a change of the designation of the Issuer or the Payment Venue, unless the Act on Bonds or a special law require otherwise.

14. Meeting

14.1 The request to convene a Meeting

Any Bondholders whose principal amount is at least 10% of the total aggregate principal amount of the issued and outstanding Bonds has the right to request the convening of the Meeting of the Bondholders of the Bonds (the **Meeting**). The request to convene the Meeting must be delivered to the Issuer and, if appointed, to each Administrator. The Bondholders who have requested a Meeting are required to submit an extract from the records demonstrating that they are Bondholders pursuant to Condition 4.1 as of the date of signing of the request along with the request to convene the Meeting.

The request to convene a Meeting may be withdrawn by the relevant Bondholders, but only if such withdrawal is received by the Issuer and, if appointed, also by each Administrator, no later than five Business Days before the Meeting. Withdrawal of the request to convene a Meeting does not affect any other request to convene a Meeting by other Bondholders. If the Meeting does not take place solely due to the withdrawal of the request to convene the Meeting, the Bondholders shall jointly and severally reimburse to the Issuer the costs incurred so far for the preparation of the Meeting.

The Issuer is entitled to convene the Meeting at any time and is obliged to convene the Meeting without undue delay if it is in delay with the satisfaction of the rights attached to the Bonds.

14.2 Convening of the Meeting

The Issuer is obliged to promptly convene the Meeting within ten Business Days of the receipt of the request to convene the Meeting.

The costs of organising and convening the Meeting shall be borne by the Issuer, unless stated otherwise. However, the Issuer has the right to demand reimbursement of the costs of convening the Meeting from the Bondholders who have filed the request to convene the Meeting without serious cause, especially if the Issuer duly fulfils the obligations arising from the Terms and Conditions. The costs associated with attending the Meeting are covered by each participant himself.

14.3 Notice of the Meeting

The Issuer is obliged to publish the convening notice of the Meeting no later than five Business Days prior to the date of the Meeting.

The convening notice of the Meeting must include at least:

- (a) name, identification number and registered seat of the Issuer;
- (b) designation of the Bonds, including at least name of the Bond, Issue Date and ISIN;

- (c) place, date and hour of the Meeting; place of the Meeting may only be a place in Bratislava, date of the Meeting must be a day which is a business day and the time of the Meeting may not be earlier than 9:00 a.m. and later than 4:00 p.m.;
- (d) agenda of the Meeting, whereas the choice of the Chairman of the Meeting must be the first item of the agenda of the Meeting; and
- (e) the Date of Record for Attending the Meeting (as defined below).

If the reason to convene the Meeting has ceased to exist, the convener shall withdraw it in the same way as it was convened.

In the convening notice of the Meeting, the Issuer may determine the organisational and technical conditions under which the Bondholders may participate in the Meeting using electronic means of distance communication allowing a direct remote transmission of audio and video of the Meeting between the Meeting and the Bondholder.

14.4 Attending the Meeting

(a) Persons entitled to attend the Meeting

Each Bondholder who has been registered as a Bondholder of the Bonds pursuant to Condition 4.1 on the seventh day prior to the day of the relevant Meeting (the **Date of Record for Attending the Meeting**) is entitled to participate and vote at the Meeting, except for the Issuer itself and any person controlled by the Issuer (the **Person Entitled to Attend the Meeting**). Any transfers of the Bonds made after the Date of Record for Attending the Meeting are disregarded.

The Person Entitled to Attend the Meeting may be represented by an attorney who, at the beginning of the Meeting, presents and hands over to the Chairman of the Meeting (as defined below) the original of a power of attorney with an officially certified signature of the Person Entitled to Attend the Meeting or its statutory body, in the case of a legal entity, together with an original or a copy of a valid extract from the commercial register or other similar register in which the Person Entitled to Attend the Meeting is registered (possibly also the attorney, if a legal entity); this power of attorney is, except for manifest deficiencies, an irrefutable proof of the representative's right to participate and vote at the Meeting on behalf of the represented Person Entitled to Attend the Meeting. After the end of the Meeting, the Chairman of the Meeting shall hand the power of attorney over to the Issuer's custody.

(b) Voting right

The Person Entitled to Attend the Meeting has as many votes out of the total number of the votes that corresponds to the ratio between the principal amount of the Bonds it holds as of the Date of Record for Attending the Meeting and the total principal amount of the given Issue which is held by other Persons Entitled to Attend the Meeting attending the Meeting as of the Date of Record for Attending the Meeting.

(c) Attendance of other persons at the Meeting and co-operation of the Issuer

The Issuer is obliged to attend the Meeting, either through its statutory body or through a duly authorised person, and provide the information necessary for the decision or adoption of the Meeting's opinion. Other members of the Issuer's and/or Administrator's statutory, supervisory, inspection or management body (if appointed), notary and guests invited by the Issuer to participate in the Meeting or any other persons whose attendance at the Meeting has been approved by the Issuer, may also attend the Meeting.

14.5 Course of the Meeting and adopting decisions

(a) Quorum

The Meeting has a quorum if attended (including the attendance through electronic means of communication in accordance with paragraph (f) below) by the Persons Entitled to Attend the Meeting who are, as of the Date of Record for Attending the Meeting, the Bondholders of the Bonds whose principal amount represents more than 50% of the total principal amount of issued and outstanding Bonds of the given Issue, except for the Bonds held by any person controlled by the Issuer. Prior to commencement of the Meeting, the Issuer will provide information on the number of Bonds in respect of which the Persons Entitled to Attend the Meeting are entitled to attend and vote at the Meeting in accordance with the Common Terms.

(b) Chairman of the Meeting

The Meeting is chaired by the Issuer or a person designated by the Issuer until it has been decided at the Meeting that another person will become the Chairman of the Meeting (the **Chairman of the Meeting**). Election of the Chairman of the Meeting shall be the first item of the agenda of the Meeting. If the election of the Chairman of the Meeting at the Meeting is not successful, the Meeting shall be chaired by the Issuer or a person designated by the Issuer until the end of the Meeting.

(c) Adopting decisions at the Meeting

The Meeting is entitled to decide only on proposed resolutions that fall within the scope of the Meeting defined in the Common Terms. The Meeting shall decide only on proposed resolutions referred to in the convening notice. Matters that were neither included in the proposed agenda of the Meeting nor mentioned in the convening notice can only be decided if the discussion of these points is agreed by all attending Persons Entitled to Attend the Meeting who are entitled to vote at this Meeting and if they at the same time relate to the items specified in the convening notice of the Meeting.

The Meeting has the power to decide on the change of the Terms and Conditions of the respective Issue of the Bonds only if proposed by the Issuer. The Meeting does not have the power to decide on the early redemption of the Nominal Value of the Bonds or a change of other obligations of the Issuer under the Bonds.

The Meeting has also the power, with the consent of the Issuer, to decide on an additional deadline for the fulfilment of the Issuer's obligations under the Bonds or in relation to the Bonds.

The Meeting decides on the submitted proposals by way of resolutions. For the adoption of a resolution, an absolute majority of the votes of the present Persons Entitled to Attend the Meeting is sufficient.

Any matter submitted to the Meeting shall be decided in the following manner: after the Chairman of the Meeting has announced the wording of the proposed resolution, each of the Persons Entitled to Attend the Meeting declares, upon the request of the Chairman of the Meeting, whether it (i) is for the adoption of the proposed resolution, (ii) is against the adoption of the proposed resolution, or (iii) abstains from voting; each such statement is recorded by the attending notary. After the end of the vote of all Persons Entitled to Attend the Meeting as described above and after the evaluation of the results, the Chairman of the Meeting, upon agreement with the attending notary, shall announce to the Persons Entitled to Attend the Meeting whether the proposed resolution has been adopted or rejected by the necessary number of the Persons Entitled to Attend the Meeting, such announcement together with the record of the attending notary on the result of the vote shall be irreversible and conclusive evidence of the result of the vote.

Any duly adopted resolution is binding on the Issuer and all Bondholders, regardless of whether they attended the Meeting and voted for or did not vote for the resolution at the Meeting.

In cases specified in the Act on Bonds, a Person Entitled to Attend the Meeting who, according to the minutes of the Meeting, voted against the proposed resolution at the Meeting or did not attend the Meeting, may request that the rights and obligations of the Issuer and the Bondholder under the original Terms and Conditions continue to exist or request early redemption of the Bonds.

(d) Adjourning the Meeting

The Chairman of the Meeting shall dissolve the Meeting if a duly convened Meeting does not have a quorum in accordance with the provisions of (a) above after the lapse of 60 minutes after the time specified for the beginning of the Meeting. In such case, the Issuer is obliged to convene a replacement Meeting so that it takes place no sooner than two weeks and no later than three weeks from the date on which the original Meeting was convened. The replacement Meeting shall be announced in the manner set out in Condition 14.3. The new Meeting shall resolve and decide under the same terms and in the same manner as the dissolved Meeting.

(e) Minutes of the Meeting

The course of every Meeting (including, but not limited to) (i) the agenda of the Meeting (ii) the individual resolutions adopted by the Meeting and (iii) the results of the votes at the Meeting on individual resolutions) will be recorded in a notarial deed prepared at the Meeting; one copy will be prepared by the attending notary for the Issuer and one for the Administrator, if appointed. Minutes that are duly deposited with the Issuer and the Administrator are considered evidence of the facts contained

in such minutes and, unless proven otherwise, are considered proof that the Meeting recorded has been duly convened and/or held, and that all resolutions of such Meeting were adopted subject to all conditions and requirements for their adoption in accordance with the Common Terms. The Issuer shall publish the adopted decisions within 14 days of the date of preparation of the minutes of the Meeting and the complete minutes shall be available to the Bondholders free of charge in electronic form on the designated section of the Issuer's website <https://www.vub.sk/en/people/information-service/information-investors/> or <https://www.vub.sk/en/personal-finance/information-service/securities-prospectuses>.

(f) Attendance and voting at the Meeting through electronic means of distance communication

If, in the convening notice of the Meeting, the Issuer set out the organisational and technical terms and conditions for participation of the Bondholders in the Meeting through electronic means of distance communication, the Person Entitled to Attend the Meeting may participate in and vote at it through electronic means of distance communication under the following conditions:

- (i) The Person Entitled to Attend the Meeting shall respect the organisational and technical conditions and instructions of the Issuer (in particular the hardware and software requirements) and will maintain video and audio contact with the Meeting from the start of the Meeting; any later registrations of the Person Entitled to Attend the Meeting will not be taken into account;
- (ii) The Person Entitled to Attend the Meeting may, if attending the Meeting through electronic means of distance communication, not be represented by an attorney, except if the Person Entitled to Attend the Meeting notified the Issuer of this fact in writing at least two Business Days before the Meeting and at the same time delivered to the Issuer the original of a power of attorney with an officially certified signature of the Person Entitled to Attend the Meeting or its statutory body, in the case of a legal entity, together with an original or a copy of a valid extract from the commercial register or other similar register in which the Person Entitled to Attend the Meeting is registered (possibly also the attorney itself, if legal entity); this power of attorney is, except for manifest deficiencies, an irrefutable proof of the attorney's right to participate and vote at the Meeting on behalf of the represented Person Entitled to Attend the Meeting.
- (iii) the two-way communication between the Meeting and the Bondholder and the transmission of video and audio will not be interrupted, delayed and will be sufficient and of sufficient quality, which in particular allows the Chairman of the Meeting to verify the identity of the Person Entitled to Attend the Meeting and the Person Entitled to Attend the Meeting to participate in the discussions and vote on the items on the agenda as well as to view, receive and submit documents (in electronic form, if necessary);
- (iv) in the event of failure to comply with the condition under (iii) above, the Chairman of the Meeting shall be entitled to terminate the participation of the relevant person in the Meeting by interrupting the connection, in which case the relevant Person Entitled to Attend the Meeting shall be deemed absent from the Meeting;
- (v) in the event of any technical failure or other event giving rise to the termination of the video and/or audio connection between the Meeting and the Person Entitled to Attend the Meeting, such person shall be deemed to be absent from such moment;
- (vi) no Person Entitled to Attend the Meeting whose participation in the Meeting has been terminated under (iv) or (v) above shall have the right to resume his/her participation in that Meeting by re-connecting to the Meeting through electronic means of distance communication; the above shall not apply if the relevant connection was interrupted solely for reasons on the part of the Issuer; in such a case, the Issuer shall allow the relevant Person Entitled to Attend the Meeting to re-establish video and audio contact with the Meeting;
- (vii) while the video or audio contact with the Meeting is interrupted, the relevant Person Entitled to Attend the Meeting will be deemed to be absent; however, the Issuer is not obliged to suspend the course of the Meeting for this reason;
- (viii) the Person Entitled to Attend the Meeting shall provide the necessary assistance to the extent that the Chairman of the Meeting is able to identify and verify the identity of the Person Entitled to Attend the Meeting;

- (ix) the Chairman of the Meeting can control how the Meeting proceeds, and determine and announce the results of voting;
- (x) The Person Entitled to Attend the Meeting attending the Meeting through electronic means of distance communication under the above terms will be deemed to be present at such Meeting.

15. Notices

- 15.1 Any notice, publication or communication by the Issuer addressed to the Bondholders and any facts material for exercising the rights of the Bondholders will be published on the Issuer's website <https://www.vub.sk/informacie-pre-investorov/> and in English language on <https://www.vub.sk/en/people/information-service/information-investors/>.
- 15.2 If the legal regulations or the Terms and Conditions require that a notice is also published in another manner, such notice shall be deemed to be validly published when it is published in such required manner. If any notice is published by several manners, the date of its first publication shall be deemed the date of such notice. The publication date shall also be deemed the date of delivery of the notice to the Bondholders.
- 15.3 The Issuer is obliged to make notices and publications in relation to the Bonds in English or Slovak language or bilingually in English and Slovak language if the Bonds were offered on the territory of other Member States of the European Union. If it is permitted by the legal regulations considering the nature of a notice or publication, the Issuer may decide to make such notice or publication relating to the Bonds in Slovak language only.
- 15.4 Any notice to the Issuer in respect of the Bonds must be delivered in writing to the following address:
- Všeobecná úverová banka, a.s.**
Treasury & ALM Department
Mlynské nivy 1, 829 90 Bratislava
Slovak Republic
- or to such other address notified to the Bondholders in a manner describe in this Condition 15.

16. Governing law and dispute resolution, language

- 16.1 Any and all rights and obligations arising from the Bonds shall be governed and construed in accordance with Slovak law.
- 16.2 Any and all disputes between the Issuer and the Bondholders arising under or in relation to the Bonds shall be finally resolved by the relevant Slovak court.
- 16.3 The Slovak language version of these Terms and Conditions is legally binding and if the Terms and Conditions are translated into another language, the Slovak language version of the Terms and Conditions shall prevail in the case of any interpretation discrepancies between the Terms and Conditions in Slovak language and the Terms and Conditions translated into another language.

PART B: CONDITIONS OF OFFER, ADMISSION TO TRADING AND OTHER INFORMATION

17. Admission to trading

[The Issuer will submit an application to Bratislava Stock Exchange, for the admission of the Bonds to trading on its regulated free market (in Slovak: *regulovaný voľný trh*.] or [The Issuer will submit an application to the LSE for the admission of the Bonds to trading on its regulated market.] or [The Issuer will submit an application for the admission of the Bonds to trading on [Specification of other regulated market].] or [The Issuer will not submit an application for the admission of the Bonds to trading on a regulated market.]

[Estimate of aggregate expenses regarding the admission to trading]

18. Conditions of the offer

The Bonds will be offered [Type of Offer – [in a public offering in the Slovak Republic] or [in an offer, which is not subject to the obligation to publish a prospectus]] [Form of Offer – [as a syndicated issue through [Specification of information on banks forming the syndicate and other information]] or [as a non-syndicated issue] [Specification of other information]]. [Offer is addressed to – [individuals] and/or [legal entities] or [qualified investors] or [limited group of persons, i.e., less than 150 individuals or legal entities in the relevant Member State other than qualified investors]] (the Offer).

Distribution method – [No arrangements have been agreed on as regards the subscription of the issue of the Bonds with any entities on the basis of a firm commitment, placement without firm commitment or “best efforts”

arrangement and the distribution of the Bonds is arranged by the Issuer.] *or* [[the Issuer] [and] [the **Dealer(s)**] [and] [the **Joint Lead Managers**] will distribute the Bonds [in the Slovak Republic and also] outside the Slovak Republic in one or several manners to which the obligation to publish a prospectus does not apply.] [**Information on any subscription agreements**]]

The Issuer has not entered into any firm agreement with any entities to act as intermediaries in the secondary trading of the Bonds. The issue of the Bonds shall be deemed successfully subscribed even if the Aggregate Nominal Amount of the Bonds of a specific issue has not been fully subscribed by the investors.

[Prohibition of Sales to EEA and UK Retail Investors]

The following conditions will be specified only for a public offering in the Slovak Republic which is subject to the obligation to publish the prospectus. In case of other Offers, the following conditions will be omitted in the Final Terms:

The Offer will last from [Offer Commencement Date] to [Offer Termination Date].

[Description of the Application Procedure]

After the termination of the Offer, investors will be obliged to pay the Issue Price for the subscribed Bonds no later than [Settlement Date] (the **Settlement Date**). The estimated period for the issue and the registration of Bonds to Relevant Accounts is one week from the Settlement Date.

[Minimum and maximum amount of the Order]

[Expenses Charged to Investors – [No fees will be charged to investors with regard to the subscription of the Bonds.] *or* [Expenses Charged to Investors]]

Investors in the Bonds shall be satisfied [Manner of Satisfying Orders]. The manner of notification of the number of the subscribed Bonds will be contained in the relevant agreement and/or order. Trading of the Bonds cannot be commenced prior to the notification of the number of the subscribed Bonds. The results of the issue of the Bonds will be published at the Issuer's registered office on the day following the end of the period for the issue of the Bonds.

19. Additional Information

Interest of individuals and legal entities involved in the issue. The Issuer has appointed Banca IMI as the Arranger and Dealer of the Programme.

[Stabilisation Manager – [No Stabilisation Manager has been appointed in connection with the issue of the Bonds.] *or* [Stabilisation Manager]]

[Description of other interests]

Credit Rating of the Issuer and Bonds. Information on Issuer's rating is specified in section 5.6 (Rating) of this Base Prospectus. [Credit Rating assigned to the Bonds – [The Bonds are not rated.] *or* [Credit Rating]] Moody's Investors Service is a credit rating agency established in the European Union and registered under the CRA Regulation.

Advisers. Clifford Chance Prague LLP, organizační složka and Studio Legale Associato in associazione con Clifford Chance, Milan acted as advisers to the Issuer in connection with the Base Prospectus and updating of the Programme. Allen & Overy Bratislava, s.r.o. and Allen & Overy Studio Legale Associato, Milan acted as advisers to Banca IMI as the Arranger and the Dealer.

[Information on other advisers]

Consent given to financial intermediaries. The Issuer has not given any consent according to the Prospectus Regulation to any financial intermediaries to use the Base Prospectus for the subsequent resale or final placement of the Bonds.

Stabilisation. If the Stabilisation Manager has been appointed with regards to the issuance of Bonds, this person or persons acting on his behalf may take stabilisation transactions (purchases or sales) related to Bonds with a view to support the market prices of Bonds at the level higher than would otherwise prevail without taking such actions. **However, there is no assurance that the Stabilisation Manager or any other person will take stabilisation transactions.** Stabilisation transactions may be performed from the date of appropriate disclosure of the terms concerning Bond issuance and ends 30 calendar days from the date of issuance and settlement of the Bond issuance at the latest or (i.e. when the Issuer gains the proceeds) or 60 calendar days from the date of the Bond allocation to individual investors in accordance with their orders, whichever is the earlier. Any potential stabilisation transactions shall be performed only in accordance with applicable legislation requirements.

9. FORM OF FINAL TERMS

The form of the Final Terms which will be prepared for each issue of the Bonds to be issued on the basis of the Base Prospectus under the Programme is set out below. These Final Terms will contain the relevant information for each particular issue of the Bonds. The Final Terms will be prepared and published for each individual issue of the Bonds issued under the Programme prior to the commencement of the issue of the Bonds.

If certain information from the form of the Final Terms below is of no relevance in relation to a particular issue, it will state “Not applicable”. This symbol “[●]” is used to designate those parts of the Final Terms which will be filled in.

If, with regard to the concerned information item, it is stated “selection of option from the Common Terms” it means that such information is included in the Common Terms in the relevant information block with several options and only the option that is relevant for the given issue will be included in the Final Terms.

Information regarding the supplement to the Base Prospectus (if any) stated below in square brackets will be provided in the Final Terms only if one or more supplements to the Base Prospectus are made.

[The form of the Final Terms is provided on the next page.]



Všeobecná úverová banka, a.s.

(incorporated as a joint stock company under the laws of the Slovak Republic)

FINAL TERMS DATED [●]

Issue *[Name of Issue]*

Issue of *[Aggregate Nominal Amount]* *[ISIN/ Issue Date]* **Covered Bonds due** *[Maturity]*

under the EUR 5,000,000,000 Covered Bonds (*kryté dlhopisy*) Programme

These Final Terms were prepared for the purposes of Article 8(4) and (5) of the Prospectus Regulation and in order to obtain comprehensive information, they must be read, considered and interpreted in conjunction with the base prospectus (the **Base Prospectus**) to the covered bonds issuance programme issued from time to time or repeatedly by the company Všeobecná úverová banka, a.s. (the **Issuer**).

The Base Prospectus and its supplements (if any) are available in electronic form at the dedicated section of the Issuer's website <https://www.vub.sk/en/personal-finance/information-service/securities-prospectuses>. The information regarding the Issuer, the Bonds and their offer is only complete in combination of these Final Terms and the Base Prospectus and its supplements (if any).

The Base Prospectus was approved by the National Bank of Slovakia by its decision [●] dated [●]. [The Base Prospectus Supplement No.: [●] was approved by the National Bank of Slovakia by its decision [●] dated [●]].

The Final Terms, including the used defined terms, must be read in conjunction with the Common Terms and whole section 8 of the Base Prospectus.

The risk factors related to the Issuer and the Bonds are listed in section 2 of the Base Prospectus, headed "*Risk Factors*".

If there are any discrepancies between the Final Terms in Slovak and the Final Terms translated into any other language, the Slovak language version of the Final Terms shall prevail.

If the Final Terms specify "Prohibition of sales to EEA and UK retail investors" as applicable, the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**) or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, **IDD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. No key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II Product Governance

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds 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 Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.]

[MIFID II – PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPS TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and [(ii) all channels for distribution of the Bonds are appropriate], including investment advice, portfolio management, non-advised sales and execution only services] / (ii) all channels for distribution to eligible counterparties and professional

clients are appropriate] and (iii) the following channels for distribution of the Bonds to retail clients are appropriate: [investment advice] [,][and] [portfolio management] [,] [and] [non-advised sales]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels).

PART A: PROVISIONS SUPPLEMENTING TERMS AND CONDITIONS OF THE BONDS

This part of the Final Terms together with Part A (Information about the Bonds/Common Terms) of section 8 of this Base Prospectus shall constitute the terms and conditions of the relevant issue of the Bonds. The form of Final Terms below will be completed for each issue of the Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

Condition 2: Basic information, form and manner of issue of the Bonds

ISIN (2.1):	[●]
FISN (2.1):	[●] / Not applicable.
Common Code (2.1):	[●] / Not applicable.
Nominal Value (2.5):	[●]
Number of Securities in the Issue (2.5):	[●]
Issue Price in % (2.6):	[●]
Currency (2.7):	[●]
Name (2.9):	[●]
Information on resolutions, permits and approvals in respect of the issue of the Bonds (2.10)	[●]
Aggregate Nominal Amount (2.11):	[●]
Estimated Net Proceeds from the Issue (2.11):	[●]
Issue Date (2.12):	[●]

Condition 7: Interest

Determination of interest (7.1):	<p>[●] (<i>selection of option from the Common Terms</i>)</p> <p>[The Bonds bear a fixed interest rate throughout their life, in the amount of [Rate]% p. a.] (the Interest Rate.)</p> <p><i>or for zero-coupon Bonds:</i> [The Bonds have no interest rate and their interest is determined as the difference between the Nominal Value of the Bonds and their Issue Price. Conditions 7.3 to 7.9 and any reference to interest or its payment shall in this case not be applicable to the Bonds.]</p> <p><i>or for the floating rate Bonds:</i> [The Bonds bear interest at the floating rate set as the sum of the [Reference Rate] (the Reference Rate) and [Margin] % p. a. (together, the Interest Rate). The current floating Interest Rate for the relevant Interest Period shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 15. [Specification of the Interest Determination Dates].]</p>
Yield to Maturity (7.2):	[●] / Not applicable.
Interest Payment Frequency (7.3):	[●] / Not applicable.
Interest Payment Date(s) (7.3):	[●] / Not applicable.

First Interest Payment Date (7.3):	[●] / Not applicable.
Convention (7.3):	[●] / Not applicable.

Condition 8: Maturity of the Bonds

Maturity Date (8.1):	[●]
Repayment, redemption and early repayment options (8.2):	<p>[●] (<i>selection of option from the Common Terms</i>)</p> <p>[The Issuer shall repay the Nominal Value of each Bond in full on the Maturity Date.] <i>or</i></p> <p>[The Nominal Value of each Bond shall be repaid by the Issuer in several instalments, i.e. not as balloon payment at the end of maturity. The relevant instalment of Nominal Value plus the interest payment for the given Interest Period will be paid on the Payment Date. Repayment of the Nominal Value will be split into instalments the number of which will correspond to that of Interest Periods, unless otherwise specified. [Specification of the repayment amounts and relevant Payment Dates]] <i>or</i></p> <p>[The Issuer shall repay the Nominal Value of each Bond in full on the Maturity Date with option of early repayment initiated by the Issuer. The Issuer, upon its decision, will be entitled to repay the Bonds before their maturity [Specification of the early repayment conditions]. The Issuer, upon its decision, will be entitled to repay a portion of Bonds (while maintaining the principle of equal treatment of all Bondholders) or all Bonds at any time and repeatedly provided it has notified its decision to all Bondholders not before 60 days and no later than 5 days prior to early repayment (date of such early repayment as the Early Maturity Date). The notice of early repayment shall be published in accordance with Condition 15. Issuer's notice of early repayment shall be irrevocable. In such a case the Issuer will pay an outstanding amount of Nominal Value of the Bonds or all Bonds together with accrued interest. [Specification of other payment conditions upon early repayment]]]</p>

Condition 11: Taxation

Gross-up (11):	<p>[●] (<i>selection of option from the Common Terms</i>)</p> <p>[The Issuer will not be obliged to pay any additional sums to the recipient for the reimbursement of these withholdings, taxes, levies or charges.]</p> <p><i>or</i> [If such withholding or deduction is required by the laws of the Slovak Republic, the Issuer will pay such additional amounts to the Bondholders as will be necessary so that the net amount of the principal or interest received by the Bondholders after such withholding or deduction will equal the respective amounts which would otherwise have been received in respect of the Bonds in the absence of such withholding or deduction (the Additional Amounts). However, no such Additional Amounts will be payable on account of any withheld or deducted tax which:</p> <p>(a) is payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Bondholder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a payment of tax by way of withholding or deduction by the Issuer as tax payer;</p>
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	<p>(b) is payable by reason of the Bondholder having, or having had, some personal or business connection with the Slovak Republic;</p> <p>(c) is withheld or deducted pursuant to: (i) any European Union directive or other legal instrument of the Union law concerning the taxation of distributions income; or (ii) any international treaty relating to such taxation and to which the Slovak Republic or the European Union is a party; or (iii) any provision of law implementing, or complying with, such directive, legal instrument or treaty;</p> <p>(d) is payable by reason of a change in law that becomes effective more than 30 days after the relevant payment in respect of the Bonds becomes due; or</p> <p>would not be payable if the Bondholder would provide a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.]]</p>
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PART B: PROVISIONS SUPPLEMENTING CONDITIONS OF OFFER, ADMISSION TO TRADING AND OTHER INFORMATION

Condition 17: Admission to trading

Admission to trading:	<p>[● (selection of option from Part B of section 8 of the Base Prospectus)]</p> <p>[The Issuer will submit an application to Bratislava Stock Exchange, for the admission of the Bonds to trading on its regulated free market (in Slovak: <i>regulovaný voľný trh.</i>) or [The Issuer will submit an application to the LSE for the admission of the Bonds to trading on its regulated market.] or [The Issuer will submit an application for the admission of the Bonds to trading on [Specification of other regulated market].] or [The Issuer will not submit an application for the admission of the Bonds to trading on a regulated market.]</p>
Estimate of aggregate expenses regarding the admission to trading:	[●]

Condition 18: Conditions of the offer

Type of Offer:	<p>[● (selection of option from Part B of section 8 of the Base Prospectus)]</p> <p>[in a public offering in the Slovak Republic] or [in an offer, which is not subject to the obligation to publish a prospectus]]</p>
Form of Offer:	<p>[● (selection of option from Part B of section 8 of the Base Prospectus)]</p> <p>[as a syndicated issue through [Specification of information on banks forming the syndicate and other information]] or [as a non-syndicated issue] [Specification of other information]]]</p>
Offer is addressed to:	<p>[● (selection of option from Part B of section 8 of the Base Prospectus)]</p> <p>[individuals] and/or [legal entities] or [qualified investors] or [limited group of persons, i.e. less than 150 individuals or legal entities in the relevant Member State other than qualified investors]]</p>
Distribution method:	<p>[● (selection of option from Part B of section 8 of the Base Prospectus)]</p> <p>[No arrangements have been agreed on as regards the subscription of the issue of the Bonds with any entities on the basis of a firm commitment,</p>

	placement without firm commitment or “best efforts” arrangement and the distribution of the Bonds is arranged by the Issuer.] or [[The Issuer] [and] [the Dealer(s)] [and] [the Joint Lead Managers] will distribute the Bonds [in the Slovak Republic and also] outside the Slovak Republic in one or several manners to which the obligation to publish a prospectus does not apply. [Information on any subscription agreements]]
Prohibition of Sales to EEA and UK Retail Investors:	[Applicable / Not applicable]
<i>The following conditions will be specified only for a public offering in the Slovak Republic which is subject to the obligation to publish the prospectus. In case of other Offers, the following conditions will be omitted in the Final Terms:</i>	
Offer Commencement Date:	[●]
Offer Termination Date:	[●]
Description of the Application Procedure:	[●]
Settlement Date:	[●]
Minimum and Maximum Amount of the Order:	[●]
Expenses Charged to Investors:	[●] (<i>selection of option from Part B of section 8 of the Base Prospectus</i>) [No expenses will be charged to investors with regard to the subscription of the Bonds.] or [Expenses Charged to Investors]]
Manner of Satisfying Orders:	[●]

Condition 19: Additional Information

Stabilisation Manager:	[●] (<i>selection of option from Part B of section 8 of the Base Prospectus</i>) [No Stabilisation Manager has been appointed in connection with the issue of the Bonds.] or [Stabilisation Manager]]
Description of other interests:	[●]
Credit rating assigned to the Bonds:	[●] (<i>selection of option from Part B of section 8 of the Base Prospectus</i>) [The Bonds are not rated.] or [Credit Rating]]
Information on other advisers:	[●]

In Bratislava on [●].

Všeobecná úverová banka, a.s.

Name: [●]

Title: [●]

Name: [●]

Title: [●]

10. TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Bonds.

The following summary includes general information regarding current tax and payment matters of the Slovak legal regulations relating to the acquisition, ownership and disposal of the Bonds applicable in the Slovak Republic as at the date of this Base Prospectus and does not purport to be a comprehensive description of all of its aspects. The information provided is subject to any changes in the applicable legal regulations that may become effective after the date of this Base Prospectus. This summary does not describe tax and payment matters under the laws of any other country than the Slovak Republic.

The Bondholders are recommended to consult the provisions of the applicable legal regulations with their own advisers, in particular as regards tax and foreign exchange regulations and regulations regarding social and health insurance applicable in the Slovak Republic and in the countries of their residence, as well as in countries in which the income from the holding and sale of the Bonds may be subject to tax, and implications of their application. The Bondholders are required to keep themselves informed of any laws and other legal regulations which in particular regulate the holding of the Bonds and economic rights to the Bonds and the sale and purchase of the Bonds on ongoing basis and to comply with these laws and other legal regulations.

The information stated herein is a general information on taxation of bonds originated from the source in the territory of the Slovak Republic effective as of the date of this Base Prospectus and is not intended as a complete description of all tax or similar regulatory aspects that may arise or an advice on the tax implications to the individual investor. Therefore, potential investors are advised to obtain an advice from their own advisers on the application of the relevant regulations, mainly tax and foreign exchange or social security regulations valid in the Slovak Republic, or in the countries in which the potential investors are residents or in the countries which may require to tax revenues from bonds depending on the individual situation of the investor in case of investing in the Bonds.

The tax legislation changes over the time, therefore, interests from Bonds will be taxed in accordance with the legally binding law at time of the payment. The Issuer will not provide to Bondholders any compensation or gross-up of yields from Bonds in respect of any withholding of taxes made according to the valid law.

The taxation of revenues from bonds is regulated by Act No. 595/2003 Coll., on Income Tax, as amended in the Slovak Republic. The way of taxation varies depending on the type of income (interests from Bonds or capital gains) and who is the recipient of such income (Slovak tax residents, Slovak tax non-residents, individuals vs. legal entities). The Slovak tax non-residents are considered (i) individuals who do not have a permanent home or who usually do not stay (at least 183 days in a calendar year) in the Slovak Republic or (ii) legal entities which do not have the seat or a place of management in the Slovak Republic.

Interests derived from the Bonds

Slovak tax residents

Interests from the Bonds derived by a Slovak tax resident being an individual, the NBS or a taxpayer not founded or established to conduct business activities, are subject to a withholding tax at the tax rate of 19%.

In case, the recipient of the interests from the Bonds is an individual, the Issuer is responsible for the withholding of the withholding tax with the exception if the Bonds are held for such investor by a securities broker. In such a case, this securities broker is obliged to withhold the withholding tax. However, in case the recipients of yields from bonds are taxpayers not founded or established to conduct business activities or the NBS, a withholding tax shall be remitted to the Slovak tax authorities by themselves. In specific cases, the yield representing the difference between Bond's Nominal Value and its lower issue price derived by an individual need not to be subject to the withholding tax, but may be taxed by the individual.

Interests from the Bonds derived by a Slovak tax resident being a legal entity are subject to corporate income tax, but are not subject to a withholding tax. Such interests are a part of the corporate income tax base of the particular legal entity taxed at the corporate income tax rate of 21%.

Slovak tax non-residents

In case the beneficiary of interests derived from holding of the bonds being paid by a Slovak tax resident is either an individual or a legal entity, both being a Slovak tax non-resident, such income is not considered to be the income generated from the source in the Slovak Republic. Therefore, such yields from bonds are not subject to

tax in the Slovak Republic. The Issuer or the payer of such income may require the presentation of the tax residency certificate proving that the recipient of such income is a tax resident abroad.

Capital gains (income) derived from the sale of the Bonds on secondary market

Generally, capital gains derived by a Slovak tax resident individual (i.e. the Bondholder) or Slovak permanent establishment of the Slovak tax non-resident individual from the sale of bonds are included in his tax base and taxed together with his other taxable income at the progressive income tax rate (19% or 25%). The individuals are obliged to tax such capital gains by themselves through their personal income tax return and could benefit from a tax exemption up to the amount of EUR 500. In such a case, the capital gain from the sale of the Bonds is also subject to obligatory health insurance contributions at the rate of 14%, if the individual is subject to obligatory health insurance in the Slovak Republic. There is no cap for annual assessment base for health insurance contributions in 2020.

In case the Bonds are admitted to trading in the regulated market or the similar foreign regulated market, the capital gains are exempt from the Slovak personal income tax provided that the period between the acquisition and the sale exceeds one year and these bonds were not included in the business assets of the taxpayer. Such capital gain is also not subject to health insurance or social security contributions.

Capital gains derived by a Slovak tax resident legal entity or a Slovak permanent establishment of the Slovak tax non-resident (i.e. the Bondholder) from the sale of the bonds are subject to corporate income tax at the rate of 21%. The deduction of losses from the sale of bonds is limited. The taxation is performed through a regular corporate income tax return.

Income (capital gains) from the sale of the Bonds derived by a Slovak tax non-resident being an individual or a legal entity paid to such tax non-resident by a Slovak tax resident or a Slovak permanent establishment of the Slovak tax non-resident is, in general, subject to income tax at the applicable individual or corporate income tax rate in Slovakia unless the relevant double tax treaty states otherwise. The payer of such income may be required under certain circumstances to withhold a collateral tax at the rate of 19% or 35% from the gross amount of a purchase price of bonds in case the seller is not a tax resident of a country of the EU and the countries of the Agreement on the EEA. The tax rate of a collateral tax may be reduced by an applicable double tax treaty.

11. SUBSCRIPTION AND SALE

11.1 Dealer Agreement

Bonds may be sold from time to time by the Issuer to Banca IMI, and/or each Dealer designated as such under the Dealer Agreement. The arrangements under which Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in the Dealer Agreement. The Dealer Agreement provides for, *inter alia*, an indemnity to the Dealer against certain liabilities in connection with the offer and sale of the Bonds. The Dealer Agreement also provides for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular issuance. The Dealer Agreement contains, *inter alia*, stabilising provisions.

The Dealer Agreement does not cover retail offers of the Bonds in the Slovak Republic. VÚB may act as a Dealer in relation to retail offers in the Slovak Republic only and consequently will not act as a Dealer under the Dealer Agreement.

11.2 Subscription Agreements

Any Subscription Agreement between the Issuer and the Dealer and/or any additional or other Dealers, from time to time, for the sale and purchase of Bonds (each a **Relevant Dealer**) will, *inter alia*, provide for the price at which the relevant Bonds will be subscribed for by the Relevant Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

11.3 Restrictions in the distribution of the Base Prospectus and offering of the Bonds

The distribution of the Base Prospectus and the offering, sale and purchase of the Bonds in certain jurisdictions is restricted by law. The Bonds have not been and will not be registered, permitted or approved by any administrative or other authority of any jurisdiction other than the approval of the Base Prospectus by the NBS. The Issuer may, at any time after the Base Prospectus has been approved, request the NBS to notify the approval of the Base Prospectus to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) or any other competent authority of another Member State of the EEA for the purpose of admitting the Programme or Bonds to trading on a regulated market in that other Member State.

Therefore, the Bonds may only be offered in a jurisdiction other than the Slovak Republic if the legal regulations of this other jurisdiction do not require the approval or notification of the Base Prospectus and also subject to the compliance with any and all requirements pursuant to the legal regulations of such other jurisdiction.

Persons who obtain possession of the Base Prospectus are required to become acquainted with and observe any restrictions that may be relevant to them.

The Base Prospectus itself does not constitute an offer to sell, or the solicitation of an offer to buy the Bonds in any jurisdiction. Each person acquiring the Bonds shall be deemed to declare and agree that (i) such person has understood any and all relevant restrictions related to the offer and sale of the Bonds which apply to him/her/it and to the relevant form of offer or sale, in particular such specific selling restrictions as set out below; (ii) that such person will neither offer for sale nor further sell the Bonds without complying with any and all relevant restrictions which apply to such person and the relevant form of offer and sale; and (iii) prior to further offering or selling the Bonds, such person will inform the buyers of the fact that further offers or sales of the Bonds may be subject to statutory restrictions in different jurisdictions which must be observed.

In addition to above, all acquirers of the Bonds are required by the Issuer to comply with the provisions of all applicable legal regulations (including Slovak legal regulations), where they will distribute, make available or otherwise circulate the Base Prospectus, including any of its Supplements, individual Final Terms or other offering or promotional materials or information related to the Bonds, always at their own expense and regardless of whether the Base Prospectus or any of its Supplements, individual Final Terms or other offering or promotional materials or information related to the Bonds are in written, electronic or any other form.

The Base Prospectus has been prepared on the assumption that any offer of the Bonds in other Member States of the European Union will only be made in one or several manners defined in Article 1(4) of the Prospectus Regulation, **which is exempt from the requirement to publish a prospectus.**

Prohibition of Sales to EEA and UK Retail Investors

If the Final Terms specify “Prohibition of sales to EEA and UK retail investors” as applicable, the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Regulation.

For these Bonds, no document shall be made containing the key information required by the PRIIPs Regulation, and therefore the offer or sale of the Bonds or otherwise making them available to any non-professional client (investor) anywhere in the EEA may be unlawful under the PRIIPs Regulation.

In relation to each Member State of the EEA and the United Kingdom (each, a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of the Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Bonds to the public (as defined in the Prospectus Regulation) in that Relevant State:

- (a) if the Final Terms in relation to the Bonds specify that an offer of those Bonds may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a **Public Offer**), following the date of publication of a prospectus in relation to such Bonds which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) Fewer than 150 offerees: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) Other exempt offers: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Bonds referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

United States of America

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all the Bonds of the given tranche of which such Bonds are a part within the United States of America or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each Dealer to which it sells the Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

Until 40 days after the commencement of the offering of any series of Covered Bonds an offer or sale of such Covered Bonds within the United States of America by any Dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the U.S. Securities Act.

The United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Bonds to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Bonds and that such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 L.533-16 and L.533-20 of the French Code *monétaire et financier*.

Germany

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer Bonds in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany.

Republic of Italy

The offering of the Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to any Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February, 1998, as amended (the **Financial Law**) and/or Italian CONSOB regulations; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to article 1 of the Prospectus Regulation, article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**) and the applicable Italian laws.

Any offer, sale or delivery of the Bonds or distribution of copies of the Base Prospectus or any other document relating to the Bonds in the Republic of Italy under (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Law, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Law**);
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to article 129 of the Banking Law and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that, in accordance with Article 100-bis of the Financial Services Act, to the extent it is applicable, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Bonds on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes the Base Prospectus, any offering material or any Final Terms, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, and any of the other Dealers shall have any responsibility therefore.

11.4 **MiFID II target market**

The Final Terms will provide basic data on the analysis of the target market for the Bonds and the suitability of the distribution of the Bonds. Any person who subsequently sells or recommends the Bonds (the **Distributor**) should take into account this target market analysis. However, any Distributor subject to the rules of Directive 2014/65/EU on markets in financial instruments, as amended, including all its statutory instruments and implementations into relevant national law (**MiFID II**), is responsible for carrying out its own analysis of the target market in respect of the Bonds (either by adopting or improving the target market assessment) and identifying their own appropriate distribution channels. The Issuer will only be responsible as the manufacturer of the product in relation to the offering of the Bonds that it itself carries out.

11.5 **MiFID II policies of the Issuer**

In compliance with MiFID II legislation, and in continuity with MiFID I, the Issuer when executing orders on behalf of their clients is doing its utmost to ensure that a client order in relation to financial instruments is executed in the best possible manner. The aim of the Issuer is to carry out activities related to the reception, transmission and execution of a client order efficiently, taking into account the preferences and profile of the client with the aim to achieve the best possible result for it.

In accordance with Section 73o et seq. of the Securities Act and in accordance with Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, the Issuer has adopted the best execution policy under MiFID II (the **Policy**). The Issuer continuously monitor and control the efficiency of the adopted Policy and the subsequent quality of the execution of orders with the aim to identify and eliminate any imperfections. At least once a year the Issuer reviews the efficiency of the Policy, including questions as to whether the execution venues listed in the Policy allow the Issuer to achieve the best possible result for the client and whether it is necessary to make changes in its measures related to the execution of orders.

The currently valid Policy is available at the webpage of the Issuer https://www.vub.sk/en/people/about-vub-bank/mission-and-values/#tab_3. The Policy is not incorporated into this Base Prospectus by reference.

12. GENERAL INFORMATION

- 12.1 **Arranger.** Banca IMI S.p.A., a bank organised as a joint stock company under the laws of the Republic of Italy, whose registered office is at Largo Mattioli, 3, 20121 Milan, Italy, incorporated with Fiscal Code number, VAT number and registration number with Milan Register of Enterprises No.: 04377700150, and registered with the Bank of Italy pursuant to Article 13 of the Banking Law under number 5570 ABI, part of the Intesa Sanpaolo Group, has been appointed as the sole arranger and a Dealer under the Programme. The merger of Banca IMI into Intesa Sanpaolo S.p.A. has been publicly announced and it is contemplated to be legally effective on or around 21 July 2020. Following the effective date of the merger, all rights and liabilities of Banca IMI will be assumed by Intesa Sanpaolo S.p.A. as legal successor of Banca IMI and Intesa Sanpaolo S.p.A. will continue to act as the sole arranger and Dealer under the Programme.
- 12.2 **Completeness of the Base Prospectus.** The Base Prospectus is to be read together with any Supplements to the Base Prospectus as well as documents and information incorporated herein by reference. Comprehensive information regarding the Issuer and the Bonds may only be obtained from the combination of the Base Prospectus (including Supplements to the Base Prospectus and documents and information incorporated by reference) and the relevant Final Terms.
- 12.3 **Approval and notifications.** The Base Prospectus will not be subject to approval by any administrative or other authority of any legal order other than the NBS in the Slovak Republic. The Issuer may submit a request to issue confirmation of approval of the Base Prospectus including all its Supplements, confirming that it was prepared in line with the applicable legislation, for the purpose of its submission to the ESMA and the CSSF, or any other regulatory body. Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the relevant Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealer that would permit a public offering of the Bonds, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Bonds or have in their possession or distribute such offering material, in all cases at their own expense.
- 12.4 **Listing and admission to trading.** The Issuer may apply for admission of the Bonds to the official list and to trading on the regulated market of the LSE or regulated free market of the BSSE or other stock exchanges or markets agreed between the Issuer and relevant Dealers and in each case as will be specified in the relevant Final Terms.
- 12.5 **Approval of information and the Base Prospectus updates.** The provision of representations or information relating to the Issuer or the Bonds other than those contained herein has not been approved by the Issuer. No other information or representation may be relied upon as having been approved by the Issuer. The submission of the Base Prospectus at any time does not mean that information contained herein is accurate at any time after the date of this Base Prospectus. Unless provided otherwise, any and all information contained herein is provided as at the date of this Base Prospectus. The Base Prospectus may be updated pursuant to Article 23 of the Prospectus Regulation in the form of a Supplement to the Base Prospectus. Any Supplement to the Base Prospectus must be approved by the NBS and subsequently published in compliance with the Prospectus Regulation.
- 12.6 **Authorisations.** The establishment of the Programme was approved by the resolution of the Issuer's Supervisory Board on 24 October 2012 and on 1 December 2016 the total amount of the Programme was increased from EUR 1,500,000,000 to EUR 5,000,000,000. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.
- 12.7 **Administrator of the covered bonds programme.** The Act on Banks requires that the NBS appoints an independent individual as an administrator (in Slovak: *správca*) overseeing certain aspects of the covered bonds programme as well as his/her deputy. The NBS has appointed Mr. Rudolf Šujan as the administrator and Ms. Judita Bischofová as the deputy administrator of the covered bonds programme of the Issuer. The administrator is *inter alia* required to prepare a written certificate evidencing that the coverage of the Bonds is secured in accordance with the Act on Banks and that an entry in the Register of Covered Bonds has been made prior to any issue of the Bonds. The administrator also verifies whether the Issuer discharges its obligations arising from the Bonds in compliance with the applicable legislation.
- 12.8 **Common codes and ISIN numbers.** The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Bonds issued under the Programme will be specified in the relevant Final Terms.

- 12.9 **Luxembourg Listing Agent.** The Issuer has undertaken to maintain a listing agent in Luxembourg so long as Bonds are listed on the official list of the LSE.
- 12.10 **Registration.** The Bonds will not be registered, upon Issuer's request, elsewhere than in the Central Securities Depository.
- 12.11 **Stabilisation.** In connection with any individual issue of the Bonds (tranche) under the Programme, the Dealer (if any) which is specified in the relevant Final Terms as the stabilising manager (the **Stabilising Manager**) or any person acting for the Stabilising Manager may over-allot any such tranche of the Bonds or effect transactions with a view to supporting the market price such tranche of the Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche of the Bonds and 60 days after the date of the allotment of the Bonds in such tranche. Such stabilising shall be in compliance with all applicable laws, regulations and rules.
- 12.12 **Dealers transacting with the Issuer.** Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Banca IMI, Arranger and Dealer under the Programme is an affiliate of the Issuer. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Bonds issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of the Bonds issued under the Programme. The dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For avoidance of doubts the term "affiliates" in this clause includes also parent companies.
- 12.13 **Reference rate administrators.** Amounts payable on the Bonds with a floating interest rate will be calculated with reference to the Reference rates, for example EURIBOR, as specified in more detail in the relevant Final Terms. At the date of this Base Prospectus, used Reference Rate administrators are registered in the ESMA register of administrators under Article 36 of the Benchmark Regulation.
- 12.14 **Compliance with law, restrictions and liability.** None of the Issuer, Arranger or the Dealer represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The Issuer has not approved any declaration or information about the Programme, the Issuer or the Bonds other than information provided herein, in Supplements hereto or in the Final Terms. No other declaration or information can be relied on as a declaration or information approved by the Issuer. Unless otherwise provided, all the information provided herein is provided as at the date of preparation hereof. Submission of the Base Prospectus or any other form of making the Base Prospectus available after the date of preparation thereof, does not mean that information and declarations made therein are correct as of any moment after the date of preparation thereof. The indicated information may be amended or supplemented in the future by Supplements. Neither the Arranger nor the Dealer nor any other person has separately verified the information contained in this Base Prospectus. Neither the Dealer nor the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Dealers or the Arranger that any recipient of this Base Prospectus or any other financial statements should purchase the Bonds. Each potential investor of the Bonds should determine for itself the relevance of the information

contained in this Base Prospectus and its purchase of the Bonds should be based upon such investigation as it deems necessary. The Arranger and Dealer do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus or to advise any investor or potential investor in the Bonds of any information coming to the attention of the Arranger or any of the Dealers.

Only the Issuer is liable for obligations arising under the Bonds. No third person is liable for or guarantees the performance of obligations arising under the Bonds.

- 12.15 **Credit rating of the Bonds.** The Bonds issued under the Programme are expected to be rated by Moody's. The credit rating will be specified in the relevant Final Terms. Any credit rating of the Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation. The credit ratings included or referred to in this Base Prospectus are expected to be issued by Moody's, which is established in the European Union and is registered under the CRA Regulation. As such Moody's is included in the list of credit rating agencies published by the ESMA on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation. The ESMA website is neither incorporated by a reference in nor does form part of the Base Prospectus.
- 12.16 **International Central Securities Depositories.** The Bonds may also be settled and held through international central depositories such as Euroclear or Clearstream, which have direct or indirect links with the Slovak Central Depository. Indirect link is usually maintained through a manager holding the Bonds for Euroclear or Clearstream on the holding (custody) account held with the Slovak Central Depository. Persons holding any Bonds in their Euroclear and/or Clearstream accounts may only exercise their rights against the Issuer through Euroclear and/or Clearstream or through the relevant manager holding these Bonds for Euroclear and/or Clearstream. In any event, the exercise of these rights will be subject to the Euroclear or Clearstream operating rules and any applicable law.
- 12.17 **Presentation of financial information and rounding.** Unless provided otherwise, any and all financial information of the Issuer is based on the International Financial Reporting Standards IFRS or IAS 34 (in the case of interim financial data). Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.
- 12.18 **Forward-Looking Statements.** This Base Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words and expressions. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.
- 12.19 **Information from third parties and expert opinions.** The Issuer used in section 2 headed "*Risk Factors*", publicly available information published on the websites of:
- (a) the NBS, at www.nbs.sk;
 - (b) Eurostat, at <https://ec.europa.eu/eurostat/home>;
 - (c) the Statistical Office of the Slovak Republic, at www.statistics.sk;
 - (d) the European Central Bank, at <https://www.ecb.europa.eu/home/html/index.en.html>;
 - (e) the Ministry of Finance of the Slovak Republic, at <https://www.mfsr.sk/en/>; and
 - (f) the International Monetary Fund, at <https://www.imf.org/external/index.htm>.

The Issuer used in section 5 headed "*Description of the Issuer*", publicly available information published on website of the NBS, at www.nbs.sk.

The Issuer confirms that third party information has been accurately reproduced and to the best knowledge of the Issuer, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer, however, cannot guarantee accuracy and correctness of such reproduced information.

Except for the information extracted from the audited financial statements of the Issuer, the Base Prospectus does not contain any audited information and no auditor's report has been prepared thereon.

The Base Prospectus does not contain any statement or report attributed to a person acting as an expert.

12.20 **Language.** The Base Prospectus including any later Supplements is drafted and approved by the NBS in Slovak language as the original language. Each Final Terms and Summary of a specific issue (if relevant) will be prepared in Slovak language as original. The Base Prospectus including later Supplements thereto, as well as Final Terms and Summary of a specific issue may be translated to English or other languages. In the event any interpretation disputes arise between different language versions, the Slovak version shall prevail.

12.21 **Enforcement of private claims against the Issuer.** Slovak courts shall have jurisdiction for the purposes of enforcement of any private claims against the Issuer related to the purchase or holding of the Bonds. Any and all rights and obligations of the Issuer against the Bondholders shall be governed by Slovak law. As a result, there is only a limited possibility of claiming rights against the Issuer in proceedings before foreign courts or pursuant to a foreign law. Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (recast) (the Brussels I Recast), is directly applicable in the Slovak Republic. Pursuant to the Brussels I Recast, save for certain exceptions stated therein, judicial decisions issued by judicial bodies in the EU Member States in civil and commercial matters are enforceable in the Slovak Republic, and vice versa, the judicial decisions issued by judicial bodies in the Slovak Republic in civil and commercial matters are enforceable in the EU Member States. If, for the purposes of the recognition and enforcement of a foreign decision the application of the Brussels I Recast is excluded, but the Slovak Republic entered into an international treaty on the recognition and enforcement of court decisions with a certain country, the enforcement of a judicial decision of such country is ensured in accordance with the provisions of the given treaty. If such treaty does not exist, the decisions of foreign courts may be recognised and enforced in the Slovak Republic subject to the terms and conditions set out in Act No. 97/1963 Coll. on Private and Procedural International Law, as amended. Pursuant to this Act, decisions of judicial bodies of foreign states in matters set out in the provisions of Section 1 of the Act on Private and Procedural International Law, foreign reconciliations and foreign notarial deeds (for the purposes of this paragraph jointly the foreign decisions), cannot be recognised and enforced if (a) the subject matter of the decision falls within the exclusive jurisdiction of the bodies of the Slovak Republic or the body of a foreign state would not have jurisdiction to decide over the case if the provisions of Slovak law applied to the assessment of its jurisdiction; or (b) they are not valid and effective or enforceable in the state in which they have been issued; (c) they are not decisions on the merits of the case; or (d) a party to the proceeding against whom a decision is to be recognised was deprived of the option to appear before such authority, mainly if it was not served with a summons for a hearing or a statement of claim; the court does not assess whether this condition has been met if a foreign decision has been duly served to such party to the proceeding and the party has not filed an appeal against it or if such a party has declared that it does not insist on the review of such requirement; or if (e) the Slovak court has already decided the case by a valid and effective decision or there is an earlier foreign decision in the same case which has been recognised or meets the requirements for its recognition; or (f) the recognition would be in conflict with the Slovak public order.

This summary contains only general information to describe the legal situation. The relevant legislation is subject to change. The summary does not take into account the individual status of any Bondholder. Investors should not rely on this information and are recommended to assess the issues regarding the enforcement of private claims against the Issuer with their legal advisers.

12.22 **Assessment of the investment.** A potential investor should responsibly consider any investment in the Bonds issued by the Issuer. It is particularly necessary for the investor to:

- (a) have enough knowledge and experience in order to reasonably evaluate the Bonds, advantages and risks of investment to the Bonds and information contained in the Base Prospectus, information referred to in the Base Prospectus, and any Supplement thereto;
- (b) have enough information concerning the investment, as well as the ability to assess the information in context of their own financial situation and impact of that investment on their own existing portfolio;
- (c) have enough funds to withstand an eventual negative development of risk factors concerning the Issuer or the Bonds;
- (d) be aware that if a loan or credit is used to finance the purchase of the Bonds, it may happen that the cost of such a loan or credit may exceed the yield earned from Bonds; potential investor should not presume

that they will be able to repay loan or credit and relevant interest from the earnings from investment in the Bonds;

- (e) fully understand the conditions of the Bonds, know the relevant financial indicators and their possible development together with the development of financial markets; and
- (f) be able to assess the possible scenarios of economic development, development of interest rates and other factors which may have an impact on his/her/its investment and ability to bear the associated risks.

12.23 **Documents Available.** The following documents are available free of charge in electronic form on the designated section of the Issuer's website <https://www.vub.sk/en/personal-finance/information-service/securities-prospectuses>, and at <https://www.vub.sk/en/people/information-service/information-investors/> until the maturity of the relevant issue of the Bonds:

- (a) this Base Prospectus and each Supplement to the Base Prospectus (if any);
- (b) the Final Terms prepared for the relevant issue of the Bonds;
- (c) the Issuer's Articles of Association;
- (d) the audited consolidated financial statements of the Issuer, prepared in accordance with IFRS including for the years ended 31 December 2018 and 31 December 2019;
- (e) the unaudited interim separate financial statements of the Issuer prepared in accordance with IAS 34 for the period of three months ending 31 March 2020;
- (f) minutes of the Bondholders Meetings (if any);
- (g) notices to the Bondholders of the relevant issue of the Bonds (if any); and
- (h) for the term of validity of the Base Prospectus, all documents from which information is incorporated in the Base Prospectus by reference.

13. GLOSSARY

For ease of reference, we list the main terms used in the Base Prospectus.

2018 Annual Report means the annual report of the Issuer for the year 2018 compiled pursuant to the applicable legal regulations and which contains the audited consolidated annual financial statements of the Issuer for the year ending 31 December 2018 prepared in compliance with the IFRS.

2019 Annual Report means the annual report of the Issuer for the year 2019 compiled pursuant to the applicable legal regulations and which contains the audited consolidated annual financial statements of the Issuer for the year ending 31 December 2019 prepared in compliance with the IFRS.

Act on Banks has the meaning assigned to it in Condition 1.

Act on Bonds has the meaning assigned to it in Condition 1.

Aggregate Nominal Amount has the meaning assigned to it in Condition 1.

Authorised Person has the meaning assigned to it in Condition 9.3.

Bankruptcy Act has the meaning assigned to it in Condition 1.

Base Prospectus has the meaning assigned to it in Condition 1.

Bondholder has the meaning assigned to it in Condition 1.

Bonds or **CB** means the covered bonds (in Slovak: *kryté dlhopisy*) issued by the Issuer under the Programme.

Bratislava Stock Exchange or **BSSE** has the meaning assigned to it in Condition 1.

BRRD means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended.

Brussels I Regulation (recast) means Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), as amended.

Business Day means a day which is not a holiday under Act No. 241/1993 Coll., on Public Holiday, Non-Business Days and Memorial Days, as amended and Act No. 311/2001 Coll., the Labour Code, as amended and also a day which is the TARGET day (a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System operates and clears the payments denominated in Euro currency).

Central Securities Depository has the meaning assigned to it in Condition 1.

Commercial Code has the meaning assigned to it in Condition 1.

Common Terms means Part A of section 8 of this Base Prospectus.

CRA Regulation means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

CSSF means *Commission de Surveillance du Secteur Financier*, with the registered office at 283, route d'Arlon, L-1150 Luxembourg, the Grand Duchy of Luxembourg.

Date of Record for Attending the Meeting has the meaning assigned to it in Condition 1.

Delegated Regulation on Prospectus means Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Deposit Protection Act means Act No. 118/1996 Coll. on Protection of Deposits, as amended.

Determination Date has the meaning assigned to it in Condition 9.4.

Distributor means any person who subsequently sells or recommends the Bonds.

Early Maturity Date has the meaning assigned to it in Condition 8.2.

ECB means the European Central Bank.

EEA means the European Economic Area.

- ESMA** has the meaning assigned to it in Condition 1.
- EU** means the European Union.
- EUR** or **euro** means the legal currency of the Slovak Republic.
- EURIBOR** has the meaning assigned to it in Condition 1.
- European Money Market Institute** has the meaning assigned to it in Condition 1.
- FATCA** means the U.S. Foreign Account Tax Compliance Act.
- Final Terms** has the meaning assigned to it in Condition 1.
- FTT** means the financial transaction tax.
- GDP** means gross domestic product.
- Chairman of the Meeting** has the meaning assigned to it in Condition 1.
- IAS 34** means International Accounting Standards for Interim Financial Reporting.
- IFRS** means the International Financial Reporting Standards as adopted in the European Union.
- Income Tax Act** means the Act No. 595/2003 Coll. on Income Tax, as amended.
- Interest Determination Date** has the meaning assigned to it in Condition 1.
- Interest Payment Date** has the meaning assigned to it in Condition 1.
- Issue Date** has the meaning assigned to it in Condition 1.
- Issue Price** has the meaning assigned to it in Condition 2.6.
- LIBOR** has the meaning assigned to it in Condition 1.
- LSE** has the meaning assigned to it in Condition 1.
- Margin** has the meaning assigned to it in Condition 1.
- Maturity Date** has the meaning assigned to it in Condition 1.
- Meeting** has the meaning assigned to it in Condition 14.1.
- MiFID II** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended, including all its statutory instruments and implementations into the relevant national law.
- Moody's** or the **Rating Agency** means Moody's Investors Service Ltd, with the registered office at One Canada Square, Canary Wharf, London E14 5FA, United Kingdom.
- MREL** means the regulatory concept of minimum requirements for eligible liabilities.
- NBS** means the National Bank of Slovakia as the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation.
- Nominal Value** has the meaning assigned to it in Condition 1.
- Payment Date** has the meaning assigned to it in Condition 7.3.
- Payment Venue** has the meaning assigned to it in Condition 9.2.
- Person Entitled to Attend the Meeting** means any Bondholder who has been registered as the Bondholder pursuant to Condition 4.1, except for the Issuer itself and any person controlled by the Issuer.
- PRIBOR** has the meaning assigned to it in Condition 1.
- PRIIPs Regulation** means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as amended.
- Proceedings** means any governmental, judicial or arbitration proceedings.
- Programme** means the debt securities issuance programme of up to EUR 5,000,000,000 described in this Base Prospectus, established by the Issuer for the issuance of covered bonds (in Slovak: *kryté dlhopisy*).

Prospectus Regulation has the meaning assigned to it in Condition 1.

Qualified investor in any grammatical form shall have the meaning in the Base Prospectus assigned to it in Article 2(e) of the Prospectus Regulation for the purposes of the offering in the Slovak Republic and in another Member State of the European Union.

Reference Rate has the meaning assigned to it in Condition 1.

Related Party means *inter alia* the Issuer's shareholders with at least 5% direct or indirect interest, subsidiaries in which the Issuer holds at least 5% direct or indirect interest and affiliates associated with the Issuer through at least 5% direct or indirect interest.

Related Receivable is any receivable vis-à-vis the Issuer whose creditor is or at any time during its existence was a person which is or was a related party to the Issuer under Section 9 of the Bankruptcy Act.

Relevant Account has the meaning assigned to it in Condition 4.1.

Securities Act has the meaning assigned to it in Condition 1.

Slovak Resolution Act means Act No. 371/2014 Coll. on the resolution of crisis situations on the financial market, as amended, implementing BRRD in the Slovak Republic.

Special Levy Act means Act No. 384/2011 Coll. on Special Levy of Selected Financial Institutions, Amending and Supplementing Certain Acts, as amended.

Tax Non-Resident means a taxpayer with limited tax liability.

Tax Resident means a taxpayer with unlimited tax liability.

Terms and Conditions include Part A (Common Terms) of section 8 of this Base Prospectus together with Part A of the Final Terms that together constitute the terms and conditions of the respective issue of the Bonds.

TLAC means the regulatory concept of total loss absorption capacity.

Trustee means, in the event of bankruptcy or involuntary administration of the Issuer, the bankruptcy trustee or the receiver.

U.S. Securities Act means the U.S. Securities Act of 1933, as amended.

VÚB or the **Issuer** has the meaning assigned to it in Condition 1.

ENGLISH TRANSLATION FOR NOTIFICATION PURPOSES

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DEALERS

For domestic offers

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