

**Prima banka Slovensko, a.s.**

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

**EUR 3,000,000,000 Covered Bonds Issuance Programme**

Prima banka Slovensko, a.s., with its registered seat at Hodžova 11, 010 11 Žilina, Slovak Republic, Identification No.: 31 575 951, registered in the Commercial Register of the District Court Žilina, Section: Sa, File No. 148/L (the **Issuer**) has approved a covered bonds issuance programme (in Slovak: *program dlhových cenných papierov*) of up to EUR 3,000,000,000 (the **Programme**), under which it may continuously or repeatedly issue covered bonds (in Slovak: *kryté dlhopisy*) (the **Bonds**).

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 **Bonds Act**), 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**).

**This document prepared by the Issuer as of 29 December 2022** constitutes a base prospectus (in Slovak: *základný prospekt*) (the **Prospectus**) for the Bonds issued under the Programme 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 (the **Prospectus Regulation**) and pursuant to Annexes 7 and 15 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus DR**).

**The Prospectus was approved by the National Bank of Slovakia (the NBS), as the competent authority of the Slovak Republic pursuant to the Prospectus Regulation, by its valid and effective (in Slovak: *právoplatné*) decision dated 10 January 2023. The NBS only approved this 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 Prospectus.**

The 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 Prospectus to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) as the competent authority of the Grand Duchy of Luxembourg or any other competent authority of another Member State of the European Economic Area (the **EEA**) for the purpose of admitting the Programme or the Bonds for trading on a regulated market in that other Member State. The Prospectus is subject to subsequent publication pursuant to Article 21 of the Prospectus Regulation.

**The validity of this Prospectus will expire on 13 January 2024 in relation to the Bonds, which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.**

The final terms (in Slovak: *konečné podmienky*) prepared by the Issuer with regard to a particular issue of the Bonds under the Programme (the **Final Terms**) will be submitted to the NBS and published in accordance with the Prospectus Regulation and the Securities Act. The Final Terms will include such information of the issue of the Bonds, which is unknown at the moment of the preparation of the Prospectus or stated in the Prospectus in several alternatives.

The Issuer may apply for admission of the Programme or the Bonds for trading on the regulated market of Luxembourg Stock Exchange (the **LSE**) which is a regulated market 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**), or on a regulated market in another Member State of the EEA other than the Slovak Republic, in each case compliance with the respective legal regulations and the rules of the relevant stock exchange. Information about the regulated market to which the application for admission to trading will be submitted will be set out in the relevant Final Terms.

Individual issues of the Bonds are expected to be rated; the credit rating will be disclosed in the relevant Final Terms. **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.** Whether or not each credit rating applied for in relation to a relevant issue of the Bonds will be issued or endorsed 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**) will be disclosed in the relevant Final Terms. The European Securities and Markets Authority (the **ESMA**) publishes on its website a list of credit rating agencies registered and certified in accordance with the CRA Regulation.

**Prospective investors should make their own assessment as to the suitability of investing in the Bonds. Investing in the Bonds involves risks. Prospective investors should consider mainly the risks described in clause 2 “Risk Factors”.**

*Issuer and arranger*

**Prima banka Slovensko, a.s.**

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## 1. OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete; it provides only the selection of information from the following parts of the Prospectus. Therefore, it is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any particular issue of the Bonds, the applicable Final Terms.*

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of the Prospectus DR.

Issuer:	Prima banka Slovensko, a.s.
Issuer Legal Entity Identifier (LEI):	315700K45LRKNGMUIW27
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 the 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 clause 2, "Risk Factors".
Programme Description:	Covered Bonds Issuance Programme up to EUR 3,000,000,000 under Slovak law
Arranger:	Prima banka Slovensko, a.s.
Issuing and Paying Agent (Administrator):	Prima banka Slovensko, a.s.
Programme Size:	Up to EUR 3,000,000,000 outstanding at any time.
Dealers:	The Issuer may appoint one or several financial institutions (intermediaries) to act as the dealers for offering of any individual issuance of the Bonds. The Issuer itself may act as the Dealer.
Distribution:	Bonds may be distributed only by way of private placement and on a syndicated or non-syndicated basis.
Currencies:	Bonds will be denominated only in euro.
Maturities:	Bonds will have maturities set out in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer.
Issue Price:	Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Bonds	Bonds will be issued in registered form (in Slovak: <i>zaknihované</i> ) bearer (in Slovak: <i>na doručiteľ'a</i> ) bonds (in Slovak: <i>dlhopisy</i> ) under Slovak law.  No global or physical certificates will be issued.
Fixed Rate Bonds:	Fixed interest will be payable on such date or dates and will be calculated on the basis of such Day Count Fraction as set out in the applicable Final Terms.
Floating Rate Bonds:	Floating Rate Bonds will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms.  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

	<p>basis of such Day Count Fraction, 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>
Zero Coupon Bonds:	<p>Zero Coupon Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.</p>
Redemption:	<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 Noteholders, 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 Noteholders under any circumstances.</p>
Denomination of Bonds:	<p>Denomination of each Note will be at least EUR 100,000.</p>
Taxation:	<p>All payments in respect of the Bonds 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, be required to pay additional amounts to cover the amounts so deducted.</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>Individual issues of the Bonds are expected to be rated, and such rating, as well as the credit rating agency which has assigned it, will be specified in the Final Terms. The rating cannot be considered a recommendation to purchase, sell or hold the securities and may be subject to suspension, downgrade or withdrawal at any time by the assigning credit rating agency.</p>
Listing:	<p>Bonds may be listed or admitted to trading, as the case may be, on a regulated market of the LSE or on other regulated markets outside of the Slovak Republic as decided by the Issuer.</p> <p>Bonds which are neither listed nor admitted to trading on any market may also be issued.</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:	<p>The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and shall be construed in accordance with, Slovak law.</p>
Selling Restrictions:	<p>The Bonds are not for distribution to non-professional clients.</p> <p>There are restrictions on the offer, sale and transfer of the Bonds in the United States, the EEA Member States, the United Kingdom and other jurisdictions such other restrictions as may be required in connection with the offering and sale of a particular issue of the Bonds.</p> <p>For more details, see clause 9 “<i>Distribution and Selling Restrictions</i>”.</p>
United States Selling Restrictions:	<p>Regulation S, Category 2 of the United States Securities Act of 1933.</p>

## 2. RISK FACTORS

*Prospective investors should carefully consider the risk factors set forth below as well as any other information included in the Prospectus and the relevant Final Terms prior to making any investment decision with respect to the Bonds. The described risk factors may individually or jointly affect the Issuer's ability to meet the obligations under the Bonds.*

*The Issuer has only described in the Prospectus the risk factors related to its business, activities and financial situation and prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer does not currently consider significant or currently not aware of, which may also have an adverse effect on business, activity, financial situation, prospects and the Issuer's ability to meet the obligations under the Bonds. Therefore, the inability of the Issuer to pay interest, repay the principal amount or other sums arising from or in relation to the Bonds may also be caused by other reasons which the Issuer may not consider to be material based on information available to it, or which it is unable to foresee as at the date of the Prospectus.*

*The risk factors described below are lined up according to materiality, probability of their occurrence and the expected magnitude of their negative impact on the Issuer's business. The risk factors are presented in a limited number of categories depending on their nature. In each category the most material risk factors are mentioned first.*

### 2.1 Risk factors associated with the Issuer

*Each of the Issuer related risks highlighted below could have a material adverse effect on the Issuer's business, operations, financial situation or prospects which, in turn, could have a material adverse effect on its ability to meet the obligations under the Bonds. In addition, each of the Issuer related risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds and, as a result, investors could lose some or all of their investment.*

Risk factors associated with 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) Risks factors associated with the Issuer's financial situation and creditworthiness;
- (iv) Risks factors associated with the Issuer's position in the Slovak banking market;
- (v) Legal and regulatory risk factors associated with the Issuer; and
- (vi) Risk factors associated with the Issuer's operations and internal controls.

#### **Macroeconomic risk factors affecting the Issuer**

***The Issuer may be adversely affected by the effects of the changing global financial and economic environment, geopolitical situation and military conflict in Ukraine, sovereign debt issues, high inflation, change in the monetary policy with higher Interest rates and 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 and ability to meet the obligations under the Notes will be affected by the overall performance of the Slovak economy which as a member state of EU and Eurozone is highly interconnected to global economy of countries inside and outside of EU and global financial markets. Due to high dependency on international trade, consumer consumption in EU and global financial markets the unfavorable effects of worldwide inflation, geopolitical situation and conflict in Ukraine, high energy prices and rising interest rates as a result of recent monetary policy changes has an adverse effect on the Slovak economy that might affected the performance of the Issuer. Despite adverse effects in global markets Slovak economy continues to recover from impacts of Covid-19 pandemic and continues to grow by 1.4% in the 3Q 2022 on YoY level but in slower pace than pre-pandemic levels<sup>1</sup>. Current adverse development of high inflation including energy prices and increasing interest rates that are affecting corporate investments and individual consumption

<sup>1</sup> Report "Gross domestic product in the 3<sup>rd</sup> quarter of 2022", available at: [Gross domestic product in the 3rd quarter of 2022 \(statistics.sk\)](https://statistics.sk/).

might imply further economy slowdown. The Institute of Financial Policy (**IFP**) at the Ministry of Finance assumes YoY slowdown to 0.6% in 2023 following recovery in 2024 at 1.7% and 2.3% at 2025<sup>2</sup>.

All macroeconomic expectations are put into significant uncertainty in light of high and persistent inflation reported at 14.2% by Statistic Office of the Slovak Republic<sup>3</sup>. High inflation is present also in whole EU, USA and other countries around the world caused by runoff effects of the Covid-19 pandemic and supply chain disruptions. Increasing energy prices, persistent conflict in Ukraine which has further negative effect on energy prices. Current inflation levels have negatively affected industry segment by increased costs of manufacturing inputs and services resulting in increasing operational costs which are partly transferred into consumer prices of goods and services. With persistent higher costs there are also a decrease in level of investments which is assumed to have negative effect of economic development. Households are negatively affected by high inflation mainly via consumer good as food, fuel, energy and service decreasing disposable income with only partly mitigated effect of increased wages.

Fiscal policies of Slovak republic and other countries are partly mitigating the effects of high inflation by various compensation schemes and energy taxes. After strong fiscal stimulus during Covid-19 pandemic this creates additional pressure on budget deficits and elevated debt levels. This raises concerns of the ability to repay public debt in the future, increasing costs of public debt and future funding options.

Along increasing inflation there is an effect of increasing interest rates used by central banks (including ECB) as part of restrictive monetary policy to get increased inflation to long term targets at 2%. During the year 2022 we have seen rapid turnaround of accommodative and loose policies of central banks with negative interest rates and asset purchase programs into restrictive policies. ECB already increased its key policy rates by 250bp in 2022 and announced decreasing of the asset purchase program portfolios. Current level of interest rates are still lagging behind the levels of inflation. It is assumed that interest rates will further increase above neutral rates of 2% for several months before returning back into neutral rates. With decreasing asset purchase portfolios there is an expectations of increasing credit spreads of lower quality issuers which may put additional pressure on funding costs sovereign debt and market funding of the issuer.

Banking sector is significantly impacted by macroeconomic changes including inflation and increasing interest rates. Increased inflation put pressure on operational costs and thus profitability. High interest rates might have significant impact on profitability and balance sheet development of commercial banks. Increasing interest rates together with increasing credit spreads will impact the funding costs of primary deposits and market funding including covered notes. Higher level of credit spreads might cause difficulties in refinancing current maturing debt and thus impact the performance of the issuer. Effect of increased interest rates is affecting also loans, increasing instalments and cost of funding of industry and household segment making financing less available for clients. The market is already experiencing slowdown of loans growth with risk of decrease which may affect loans in cover pool and will also imply decrease in monetary base and negatively affect deposit levels putting pressure on banks to rely on market funding. Such situation will develop further pressure on deposit and market funding pricing and increase already high competition.

Another potential negative effect of increased interest rates and inflation are higher number of past due loans and NPLs. Interest rates for mortgage loans in Slovak market were very low for several years making loans widely affordable with low monthly instalments which will be increased as a result of increased interest rates.

Clearly there is high level of uncertainty and risk of cumulative effect of above mentioned factors which might affect the performance of the issuer. Central bank policy with national and EU countries fiscal policies will have crucial role in future development of macroeconomic situation.

***The Issuer may be indirectly adversely affected by the geopolitical situation and military conflict in Ukraine***

The Issuer is exposed to macroeconomic and political environment that might be influenced by the military conflict in Ukraine. The Issuer has no material direct exposure to Russia, Belarus or Ukraine. However, the Slovak economy might be indirectly affected by potential supply chains disruptions of natural gas, oil and other

<sup>2</sup> Report “Macroeconomic forecast september 2022”, available at: [61. zasadnutie výboru pre makroekonomické prognózy \(september 2022\) | Ministerstvo financií Slovenskej republiky \(mfsr.sk\)](#).

<sup>3</sup> Report “Inflation-consumer price indices in September 2022”, available at: [Inflation – consumer price indices in September 2022 \(statistics.sk\)](#)

commodities imported from Russia. There is a risk of increased prices of commodities and fossil fuels driving inflation pressures that might influence macroeconomic environment and have an indirect impact on the Issuer. The European Union, the United Kingdom and the USA have imposed sanctions on Russia (while Crimea, Luhansk and Donetsk regions are already subject to sanctions), Belarus and certain individuals, banks and industries based in those countries. The sanctions and Russian countersanctions or other retaliatory measures, however, may also inflict indirect harm on the economy of Slovakia, the EU or specific companies. Although, the imposed sanctions have no direct impact on the Issuer as there are no material exposures to clients inflicted by sanctions. All these risks may negatively affect stability of the Slovak and European banking and capital markets, access to liquidity and risk appetite of investors and thus indirectly affect the Issuer.

#### **Market and client sector risk factors affecting the Issuer**

***The Issuer may experience deterioration in credit quality, in particular as a result of financial crises or economic recessions or increased interest rates; The Issuer might suffer losses as a result of the actions of or deterioration in the commercial soundness of its borrowers and counterparties (credit risk/counterparty risk)***

Credit risk refers to the commercial soundness of a counterparty (e.g. borrower or another market participant contracting with the Issuer) and the potential financial loss that such market participant may cause to the Issuer if it could not meet its contractual obligations *vis-à-vis* the Issuer. In addition, the value of the provided security and the Issuer's ability to satisfy itself from that security have an impact on the Issuer's credit risk.

The Issuer is and may continue to be exposed to the risk that its borrowers may not repay their loans according to their contractual terms, that the security or income stream securing the payment of these loans may be insufficient or that legislation may be adopted which will impose fixed exchange rates for loans in foreign currencies.

The Issuer is exposed to the counterparty risk, particularly as regards its lending activities to retail and corporate customers. This exposes the Issuer to the risk of counterparty defaults, which have historically been higher during periods of economic downturn.

Potential deterioration in the credit quality provided by the Issuer and increases in non-performing loans (NPLs) may result in increased risk costs for the Issuer. Its risk costs are based on, *inter alia*, its analysis of current and historical probabilities of default and loan management methods and the valuation of underlying assets and expected available income of clients, as well as other management assumptions. The Issuer's analyses and assumptions may prove to be inadequate and may result in inaccurate predictions of credit performance.

In the ordinary course of its business, the Issuer is exposed to a risk of non-performance by counterparties in the financial services industry. This risk can arise through trading, lending, deposit-taking, derivative business, repos and securities lending transactions, clearance and settlement and many other activities and relationships with institutional clients.

Defaults by, or even concerns about potential defaults or a perceived lack of creditworthiness of, one or more financial institutions, or the financial industry generally, have led and could lead to significant market-wide liquidity problems, losses or defaults by other financial institutions as many financial institutions are inter-related due to trading, funding, clearing or other relationships. This risk is often referred to as "systemic risk" and it affects credit institutions and all different types of intermediaries in the financial services industry. In addition to its other adverse effects, the materialisation of systemic risk could lead to an imminent need for the Issuer and other credit institutions in the market to raise additional liquidity or capital while at the same time making it more difficult to do so. Systemic risk could therefore have a material adverse effect on the Issuer's business, financial condition, results of operations, liquidity and prospects.

The Issuer creates reserves for potential losses arising from default by a counterparty or credit risk. Should actual credit risk exceed current estimates on which the Issuer has based net allocations to provisioning, the Issuer's loan loss reserves could be insufficient to cover losses. This would have a material adverse impact on the Issuer's financial position and results of operations and could affect the Issuer's ability to meet the obligations under the Bonds.

#### ***The Issuer's economic results are subject to credit conditions in the client sector***

Credit conditions in the client sector are dependent to a large extent on factors which are beyond the control of the Issuer. The deterioration of credit conditions across the client base or in particular segment, such as in the



consumer loans sector, could result in more debtors to be unable to repay their loans according to their contractual terms and consequently lead to an increase of the increase of NPLs. This effect may be caused also by a future increase in interest rates. These factors could have an adverse effect on the Issuer's financial situation and in serious cases, result in a reduced ability to perform the obligations under the Bonds.

***The Issuer's liquidity and profitability would be significantly adversely affected should the Issuer be unable to access the capital markets, to raise deposits, to sell assets on favourable terms, or if there is a strong increase in its funding costs (liquidity risk)***

Liquidity risk is the risk of the Issuer to be unable to meet its current and future financial obligations in full and/or in time. This arises, e.g. if refinancing can only be obtained at unfavourable terms or is entirely impossible. Liquidity risk can take various forms.

The Issuer, like many other Slovak banks, relies on client (mainly consumer) deposits, to meet a substantial portion of its funding requirements. The majority of deposits with the Issuer are retail deposits, a significant proportion of which are on-demand deposits. These deposits are subject to fluctuation due to factors beyond the Issuer's control, and no assurances can be given by the Issuer that it will not experience a significant outflow of deposits within a short period of time. Since a significant portion of the Issuer's funding comes from its deposit base, any material decrease in deposits could have an adverse effect on the Issuer's liquidity unless appropriate measures are taken, which may not be possible under economically advantageous terms and conditions, if at all.

Also, the Issuer may be unable to meet their respective payment obligations on a particular day and may have to obtain liquidity from the market at short notice and on unfavourable terms, or even fail to obtain liquidity from the market and, at the same time, be unable to generate sufficient alternative liquidity through the disposing of its assets. Loss of customer trust in the business or performance of the Issuer could result in unexpectedly high levels of loss for the Issuer's clients. Deposits could be withdrawn faster than the rate at which some of the Issuer's borrowers repay their loans, and lending obligations could be terminated. The Issuer's liquidity buffers may not be sufficient and results of the Issuer's liquidity risk management models may lead to inadequate management measures. All of that might negatively affect the Issuer's ability to meet the obligations under the Bonds.

***The Issuer is exposed to the risk of interest rates fluctuations and falling interest rate margins may have a material adverse effect on the Issuer***

The Issuer is exposed to interest risks, since a further decline in interest rates, could have an adverse effect on the Issuer's interest income and thereby reduce its ability to generate a growing profit. Interest rates are highly sensitive to many factors beyond the Issuer's control, including inflation, monetary policies and domestic and international economic and political conditions. Decreasing interest rates often result in decreasing margins and consequently in decreasing net interest income unless compensated by an increase in customer loan volumes. The effects of changes in interest rates on the Issuer's net interest income depend on the relative amounts of assets and liabilities that are affected by the change in interest rates. Reductions in interest rates and margins may not affect the Issuer's refinancing costs to the same extent as they affect interest rates and margins on loans granted by the Issuer, because a credit institution's ability to make a corresponding reduction in the interest rate and margin it pays to its lenders is limited, in particular when interest rates on deposits are already very low. Additionally, legal provisions may lead to restrictions on charging negative interest rates on deposit accounts and credit customers may be motivated due to low or negative interest rates to do a full repayment of their debts (e.g. loans with fixed interest rates) without any cost charging. As a result of the above, interest rate fluctuations and, in particular, decreasing interest rate margins could negatively affect the Issuer's net interest income and have a material adverse effect on the Issuer's ability to meet the obligations under the Bonds.

***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. 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 real estate mortgages established in favour of the Issuer as a bank creditor to secure repayment of the loans extended 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 factor *"In exceptionally adverse Issuer's bankruptcy situation the cover pool assets may not be sufficient to fully cover all liabilities under the Bonds"*).

***The Issuer's business, capital position and results of operations have been, and may continue to be, significantly adversely affected by market risks***

Market risk refers to the Issuer's specific and general risk position on the asset or liability side in relation to positions in any Issuer's transactions in bonds, equity, cash, derivative and other markets. Market risk is the risk that market prices of assets and liabilities or revenues of the Issuer will be adversely affected by changes in market conditions and includes, but is not limited to changes of interest rates, credit spreads of issuers of securities, foreign exchange rates, equity and debt price risks or market volatility. Changes in interest rate levels, yield curves, rates and spreads may affect the Issuer's net interest income and margin. Changes in foreign exchange rates affect the market price of assets and liabilities denominated in foreign currencies and may affect foreign exchange trading income.

The performance of financial markets or financial conditions generally may cause changes in the market price of the Issuer's investment and trading portfolios. The Issuer's risk management systems for the market risks to which its portfolios are exposed contain measurement systems which may prove inadequate as it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations, in particular in cases of extreme and unforeseeable events. In times of market stress or other unforeseen circumstances, such as the extreme market conditions experienced in 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to the Issuer's. In these and other cases, it may be difficult to reduce the Issuer's risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are significantly declining or no market exists for certain assets.

To the extent that the Issuer makes investments directly in assets that do not have an established liquid trading market or are otherwise subject to restrictions on sale or hedging, the Issuer may not be able to reduce its positions and therefore reduce its risk associated with such positions. These types of market movements have at times limited the effectiveness of the Issuer's hedging strategies and have caused the Issuer to incur significant losses, which may also happen in the future.

The realisation of any market risk could have a material adverse effect on the Issuer's financial situation and results of operations and could adversely affect the Issuer's ability to meet the obligations under the Bonds.

#### **Risks factors associated with the Issuer's financial situation and creditworthiness**

***Any deterioration, suspension or withdrawal of the credit rating of the Issuer or the Slovak Republic could result in increased funding costs, may damage customer perception and may have other material adverse effects on the Issuer***

The Issuer has no public credit rating. However, it is expected that the Bonds issued under the Programme will be rated. One of the prerequisites and inputs for assigning a credit rating of the Bonds (in addition to the cover pool and terms of the Bonds) is also a private (internal) credit rating of the Issuer, which the Issuer obtained from the credit rating agency Moody's. This credit rating, similarly to a standard public credit rating, constitutes an opinion of the credit rating agency Moody's on the creditworthiness of the Issuer, i.e. an indicator of likelihood of a possible loss due to insolvency, delay in payments or incomplete payments to investors.

A credit rating agency may downgrade, suspend or withdraw the private credit rating of the Issuer, in particular as a result of adverse macroeconomic developments or changes in the regulatory environment in the Slovak Republic, company-specific developments or changes in the credit rating agency's underlying assumptions. Rating agencies also change or adjust their ratings methodologies from time to time. A credit rating may also be

suspended or withdrawn if the Issuer were to terminate the agreement with the relevant rating agency or to determine that it would not be in its interest to continue to provide financial data to the rating agency. A credit rating could also be adversely affected by the soundness or perceived soundness of other financial institutions in the Slovak Republic, region or Eurozone.

As the credit rating of the Bonds also depends on the Issuer's private credit rating, downgrading this credit rating may have a negative effect on the rating and consequently market price of the Bonds. Downgrading of the credit rating may lead to a restriction of access to funds, and consequently to higher refinancing costs. Since the Issuer is also to some extent dependent on the interbank market as a refinancing source, any funding rate increase caused by a downgrade, suspension or withdrawal of a credit rating by a rating agency may restrict its access to refinancing opportunities and may have a significant effect on the Issuer's earnings. Furthermore, a rating downgrade or any negative publicity concerning its situation may cause reputational of consumer perceptions issues for the Issuer. Such issues could in turn reduce deposits and cause a disruption of the Issuer's client base.

Finally, also downgrading, suspension or withdrawal of the credit rating or publishing of negative information or prospects regarding the Slovak Republic as a sovereign country can also result in the increased costs or restrictions of the Issuer's funding.

***The Issuer may not be able to meet the minimum requirement for own funds and eligible liabilities (MREL)***

Under the BRRD, each institution must ensure that it always meets the MREL requirement. Such minimum requirement currently shall be determined by the resolution authority and shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution.

As at the date of this Prospectus, the Issuer has not been classified as systemically important institution. The scope, calculation and composition of the MREL are currently under review and current MREL requirement is below the required level of own fund as defined in Article 92 (1) of CRR and in Article 104 (1(a)) of CRD IV. There is a risk that in the future, the Issuer may not be able to meet the MREL requirement which could result in higher refinancing costs, regulatory measures and, if resolution measures were imposed on the Issuer, could significantly affect its business operations, could lead to losses for its creditors (including the Holders of the Bonds) and could have an adverse effect on the Issuer's ability to make payments on the Bonds.

***Adjustments to the business profile of the Issuer may lead to changes in its profitability***

Adjustments of the business profile to meet increasing capital requirements, MREL requirements or other regulatory or business needs may include the attempt to sell assets including parts of the loan portfolio of the Issuer. There is a risk that the Issuer may not identify suitable opportunities for disposals in the future or the Issuer will not be able to complete such disposals on favourable terms or at all. Such disposals may prove difficult in the market environment as many of the Issuer's competitors may also seek to dispose of assets. This may have a material adverse effect on the Issuer's profitability and its ability to meet the obligations under the Bonds.

***In the future, the Issuer may grow by a way of an acquisition or a merger, which may result in an unsuccessful integration, failing to realise the expected synergies, growth opportunities and other expected benefits or related unexpected costs***

Despite the fact that the Issuer has no knowledge of any contemplated acquisition or merger as the date of this Prospectus, it or its shareholders may in the future undertake some acquisitions or mergers, as has already happened in the past. Any future acquisitions or mergers could present a number of additional risks, including problems with effective business integration, inability to maintain pre-acquisition key business relationships, increased costs, exposure to unexpected liabilities and difficulties in implementing planned efficiency boosts, synergies and cost savings, each of which may have a material adverse effect on the Issuer's financial position, cash flows and the ability to make payments under the Bonds. The Issuer may be, due to these acquisitions or mergers, exposed to new risks or to greater risks than those currently facing. It is possible that the Issuer will not be able to manage these risks. Any occurrence of these risks could adversely affect the Issuer's financial position, cash flows and the ability to make payments on the Bonds.

**Risks factors associated with the Issuer's position in the Slovak banking market**

***Competition on the Slovak banking market***

The Issuer faces competition from other banking entities offering similar services as the Issuer. If the Issuer fails to succeed in this competition, the results of its activities may be adversely affected. The Issuer faces strong competition in Slovakia from major Slovak banks owned by international groups and several local players. As a

result of this competition, in particular in the retail segment and the current low interest rate environment, net interest margins have historically been very low. Failure to maintain net interest margins at current levels may have a significant negative impact on the Issuer's financial condition and results of operations.

Issuer's ability to compete effectively will depend on the ability of its businesses to adapt quickly to market and industry trends. If the Issuer fails to compete effectively, or if governmental action in response to financial crises or economic downturns results in it being placed at a competitive disadvantage, the Issuer's business, financial condition and results of operations may be adversely affected.

***The Issuer is privately owned bank that is not part of a major banking group***

The Issuer is not a part of any major international banking group. The Issuer is almost wholly owned by Penta Investments Group, regional private equity group ultimately held and controlled by several natural persons. The Issuer is a local Slovak bank without significant cross-border or wider Eurozone activities and its resolution regime thus will most likely not be treated as systemic issue at the European level. However effective as of 01 January 2023, the Issuer has been identified by the national regulator as Other Systemically Important Institution (O-SII). This means that the Issuer may not be able to rely on funding or other support from its shareholders or wider group or may be treated as less important by relevant authorities in case of deterioration of its financial conditions or any crisis situation affecting the Issuer. This may place the Issuer at a competitive disadvantage in such situations compared with other Slovak banking institutions which belong to major financial groups.

The fact that the Issuer is privately held may expose the Issuer to changes in the shareholders strategy that are potentially more volatile or subject to other considerations compared with strategy decisions made within major banking groups.

***The Issuer's growth may be limited by the growth of the banking market***

The Issuer is one of the smaller banks on the Slovak banking market, being the fifth largest in terms of total assets as at 30 June 2022. Its business model is to significant extent based on its ability to sustain further growth. With regard to the financial and economic crisis that have hit individual Eurozone states, should the market conditions not develop favourably for the Issuer, it may lead to the slower or suspended growth of the Issuer and the deterioration in its economic results.

**Legal and regulatory risk factors associated with the Issuer**

***New regulatory requirements and changes in particular regarding sufficient capitalisation and debt ratios could lead to increased capital requirements and reduced profitability of the Issuer***

In response to the global financial crisis and the European sovereign debt crisis, a number of initiatives relating to the regulatory requirements applicable to European credit institutions, including the Issuer, have been (and are currently being) implemented, adopted, or developed. These include the following:

**(a) EU Banking Reform Package of the European Commission and the European Council**

On 20 May 2019, the European Commission adopted the EU Banking Reform Package consisting of revised the CRD IV and the CRR as well as of the BRRD. The reforms build on existing EU banking rules and aims to complete the regulatory agenda of the European Commission after the end of the global financial crisis and the Eurozone debt crisis. The EU Banking Reform Package contains the following key elements: (i) more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and for exposures to central counterparties; (ii) a binding leverage ratio to prevent institutions from excessive leverage; (iii) a binding net stable funding ratio to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk; and (iv) the total loss absorbing capacity (the **TLAC**) requirement for global systemically important banks and other credit institutions. The insolvency ranking of unsecured debt instruments was also amended to facilitate credit institutions' issuance of such loss absorbing debt instruments.

**(b) bank recovery and resolution legislation**

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) (the **BRRD**) should also contribute to the stability of the banking sector. The stress tests by the ECB, first conducted in 2014, and the European Banking Authority also have a significant effect on the banking sector. BRRD was implemented in the Slovak Republic by Act No.

371/2014 Coll. on the resolution of crisis situations on the financial market, as amended (the **Resolution Act**). This act provides a framework for the recovery and resolution of the credit institutions' crisis situations and, *inter alia*, requires the institutions to prepare "recovery plans" setting out certain agreements and measures that can be used in the event of a substantial deterioration in the financial institution's position to restore its viability from a long-term perspective. Moreover, the institutions must always meet the minimum requirements for own funds and eligible liabilities (MREL). The Issuer is not subject to the single resolution mechanism (the **SRM**).

(c) **MREL**

In order to ensure the effectiveness of bail-in and other tools for resolution of crisis situation introduced by the BRRD, the banking regulation requires that all institutions must meet an individual Minimum Requirement for own funds and Eligible Liabilities (**MREL**) to be calculated as a percentage of total liabilities and own funds and to be set by the relevant 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 has been implemented into the Slovak Resolution Act with effect from 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.

[Current MREL requirement is below the required level of own fund as defined in Article 92 (1) of CRR and in Article 104 (1(a)) of CRD IV.] It is possible that the Issuer will have to issue additional eligible liabilities to meet additional requirements that will qualify for the MREL.

Stricter and/or new regulatory requirements may be adopted in the future, and the existing regulatory environment continues to evolve. Any such regulatory development could result in requirements for increasing the Issuer's capital which may increase the Issuer's financial costs and could have an effect on the Issuer's profitability. In addition, regulatory developments may expose the Issuer to additional costs and liabilities which may require the Issuer to change its business strategy or otherwise have a negative impact on its business, the offered products and services as well as the value of its assets. If the Issuer is unable to increase its capital ratios sufficiently and/or comply with other regulatory requirements, its credit ratings may drop and its cost of funding may increase, and/or the competent authorities may impose fines, penalties or other regulatory measures. The occurrence of all such consequences could have a material adverse effect on the Issuer's business, financial condition and results of its operations.

***Risk of changes in the tax framework, in particular regarding 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.

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 financial position 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 fees that the Issuer may charge for the provision of some of its products

and services and thereby result in lower commission income. Moreover, as new laws and amendments to existing laws are adopted, these laws may be interpreted inconsistently or applied or changed or interpreted in a manner that is more restrictive. The Issuer has been a party to a number of civil and regulatory proceedings initiated by customers, administrative authorities or consumer protection agencies and associations. 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 an adverse effect on the results of its operations.

***Compliance with anti-money laundering and anti-terrorism financing regulations involves significant costs and efforts and non-compliance with them may have severe legal and reputational consequences***

The Issuer is the obliged person pursuant to applicable legal regulations regarding anti-money laundering and anti-terrorism financing (the **AML**). Legal regulations regarding AML issues have been tightened in recent years in particular as a result of the implementation of the Fifth Anti-Money Laundering Directive, Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. Monitoring compliance with AML rules can result in a significant financial burden on banks and other financial institutions and can pose significant technical problems. Despite the implementation of any applicable legal regulations regarding the AML, the Issuer cannot guarantee that it is in compliance with all applicable AML rules at all times and that the AML policy and standards are being consistently applied by its employees in all circumstances. Any violation of the AML rules or even alleged violations of these rules may have severe legal, monetary and reputational consequences and could have a material adverse effect on the Issuer's business, financial position and results of activities.

***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 arbitrary 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.

**Risk factors associated with the Issuer's operations and internal controls*****The Issuer is exposed to operational risks in relation to its banking activities***

The Issuer is also exposed to operational risks, such as the risk of a loss resulting from the failure or inadequacy of internal processes or systems or from external events. The Issuer is exposed to, inter alia, the risk of fraud by employees or third parties, including the risk of unauthorised transactions and operational errors, administrative errors and errors regarding data storage and errors resulting from the failure of information technology or telecommunications systems. Considering the high volume of transactions performed by the Issuer, misuse or errors may occur or be repeated before they are discovered or rectified. Any inadequacy of the Issuer's internal processes or systems in detecting or containing such risks may result in unauthorised transactions or errors which may have a material adverse effect on the Issuer's business, financial position, results of activities and prospects.

***The Issuer's risk management strategies and internal control procedures may expose it to unidentified or unanticipated risks***

The Issuer's risk management techniques and strategies have not and may not be fully effective in mitigating the Issuer's risk exposures in all economic market conditions and environments or against all types of risks, including risks that it fails to identify or anticipate. Furthermore, regulatory audits or other regular reviews of the risk management procedures and methods have and may reveal weaknesses or deficiencies in the Issuer's risk management systems. Some of the Issuer's quantitative tools and metrics for risk management are based on its use of observed historical market behaviour. The Issuer applies statistical and other tools to these observations to arrive at quantifications of risk exposures. During the recent financial crisis, the financial markets experienced unprecedented levels of volatility (rapid changes in prices) and the disruption of historically observed correlations (the extent to which prices move in tandem) across asset classes due to extremely limited liquidity. In this volatile market environment, the Issuer's risk management tools and metrics failed to predict some of the losses it experienced and under similar conditions of market disruption may fail to predict future important risk exposures. In addition, the Issuer's quantitative modelling does not take all risks into account and is based on numerous assumptions regarding the overall environment, which may or may not prove to be correct. As a result, risk exposures have arisen and could continue to arise from factors not anticipated or incorrectly evaluated in the Issuer's statistical models.

This has limited and could continue to limit the Issuer's ability to manage its risks in light of the ongoing sovereign debt crisis in several European countries, the outcomes of which are currently unforeseeable. If such circumstances arise that the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, its losses could be higher than the maximum losses envisaged under its risk management systems. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risks prove insufficient, the Issuer may experience material unanticipated losses, which could have a material adverse effect on its business, financial position and results of activities.

***Any failure of the Issuer's information systems, interruption of their activities or security and any failure to update such systems may result in lost business and other losses***

The Issuer heavily relies on information systems when conducting its business activities. Any failure or interruption of their operation or breach in the security of these systems could result in failures or interruptions in its risk management, general ledger, deposit management or loan origination systems. If the Issuer's information systems, including its back-up systems, were to fail, even for a short period of time, its plans for resumption and continuation of activities prove ineffective, it could be unable to satisfy some customers' needs on a timely basis and could thus lose them.

Likewise, a temporary shutdown of the Issuer's information systems could result in costs that are required for information retrieval and verification. There can be no assurances that such failures or interruptions will not occur or that the Issuer can adequately address them if they do occur.

In light of the above, the occurrence of such failures or interruptions could have a material adverse effect on the Issuer's business, financial position, results of activities and prospects. In addition, there can be no assurances that the rollout or implementation of any new systems or processes will provide the desired benefit to the Issuer's business, or will not involve failures or business interruptions that could have a material adverse effect on its business, financial position, results of activities and prospects. To a limited extent, the Issuer has outsourced certain IT services to external service providers and may in the future expand the scope of outsourcing arrangements in order to optimise its cost structure and increase flexibility. The unsatisfactory quality of the

external providers' services could increase or exacerbate risks associated with the failure or interruption of its information systems and result in additional operational deficiencies or reputational risk.

***The Issuer may have difficulty recruiting or retaining qualified employees***

The Issuer's existing activities and competitiveness on the Slovak market depend on its ability to retain existing employees and to identify and recruit additional individuals who are not only familiar with the local market conditions, but also have the necessary qualifications and level of experience in banking. On the Slovak market, on which the Issuer operates, the pool of individuals with the required set of skills is smaller than in most Western European countries. Increasing competition for qualified employees from other financial institutions may also make it more difficult for the Issuer to attract and retain qualified employees and may lead to rising labour costs in the future.

Moreover, caps or other restrictions under applicable banking regulations are imposed (or may be tightened in the future) on salaries or bonuses paid to certain employees of the Issuer. These regulatory restrictions may limit the Issuer's ability to hire and retain high-quality employees and could result in losses of qualified employees. If the Issuer is unable to attract and retain new talented employees or if competition for qualified employees increases its labour costs, this could have a material adverse effect on the Issuer's financial position and results of activities.



## 2.2 Risk factors associated with 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 associated with the Bonds have been classified into the following categories:

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

### **Risk factors related to the Slovak legal framework for the covered bonds applicable to the Bonds**

***In exceptionally adverse Issuer's 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 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. In particular, for an individual mortgage loan eligible to be included in the cover pool must comply with the applicable requirements including, amongst other things, the loan-to-value limit under which the outstanding amount of principal under the 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 (or such higher value as may be set out in the terms and conditions of the Bonds), whereby according to the legislation, the Issuer must calculate this cover ratio on the last day of each relevant month.

As at the date of this Prospectus, all the 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 issued and 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. In the 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.

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 the 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 of the covered bonds and of the cover pool (the **programme**, as defined in the Act on Banks and not to be confused with the Programme under this Prospectus). The programme of covered bonds (as defined in the Act on Banks) includes generally all assets of the cover pool as well as all obligations under the Bonds, mortgage bonds 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 covered bonds programme does not cause the overall decrease of rate of satisfaction of the Holders of the Bonds. If the trustee reaches the conclusion that the operation of the programme may result in decrease of satisfaction of the Holders of the Bonds, 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 82 (3) and (4) 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 amount payment under any Bonds falling into that period would be postponed by 12 months, and (iii) if the administrator requires a prolongation of the transfer period, any final maturity date for principal amount payment under the Bonds in 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 payments of yields and other conditions of the Bonds would not be affected, but the Holders 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 trustee to the NBS and will not be subject to any further approval or consent of the NBS. In the event no transfer is effected, the postponed maturities for principal amount 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 mortgage bonds issued before 1 January 2018. If the maturity date for any issue of mortgage bonds occurs during the transfer period, the trustee will have to pay the principal amount to the holders of the mortgage bonds under their original terms.

The transfer of the programme itself will be subject to prior approval of the NBS. If such a transfer is effected, 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 the creditworthiness of the new issuer 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 Holders 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.

***The Holders 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, as amended on 15 November 2016, 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:

- (a) receivables of the Deposit Protection Fund 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
- (b) 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 Holders of the Bonds 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 Holders 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.

#### **Risk factors related to the provisions and limitations in the terms and conditions of the Bonds**

##### ***No early maturity in the event of non-fulfilment of the Issuer’s obligations, no joint representative***

Pursuant to the terms of the Bonds and in line with the 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 cause the early maturity (acceleration) of Issuer’s obligations owed to the Holders of the Bonds or the right of the Holders of the Bonds to claim early redemption of the Bonds. In the case of a payment default by the Issuer, the Holders of the Bonds will have a right to sue the Issuer for payment and they will also have the right to separate satisfaction in respect of the assets in the cover pool in potential execution proceedings. However, the Holder

will not have the right to demand early redemption of the full principal amount. A default by the Issuer may trigger convening of the meeting of the Holders of the Bonds, but there is no common representative of the Holders of the Bonds and each Holder will generally have to enforce its rights against the Issuer individually.

***Absence of independent calculation agent and paying agent, risk of a potential conflict of interest***

With regard to the Bonds, the Issuer may act in different capacities, such as a calculation and paying agent (administrator) that enables the Issuer to make calculations in respect of the Bonds (e.g. the calculation of the amount of yield to be paid) which are binding for the Holders. Unless an administrator is appointed, all calculations and payments to the Holders will normally be performed by the Issuer. Therefore, there will not be any independent calculation agent or payment administrator normally responsible for these tasks. Therefore, potential conflicts of interest may exist between the Issuer and Holders (in particular where the Issuer acts as a calculation agent), in particular with respect to certain determinations and judgements that the Issuer may make under the Terms and Conditions of the Bonds that may influence amounts receivable by the Holders under the Terms and Conditions of the Bonds. This is in line with prevailing market practice for debt issuances by Slovak credit institutions in the domestic Slovak market and the Issuer has taken steps to prevent potential conflicts of interests in accordance with the applicable law. However, investors should be aware that they cannot rely on any impartial agents – third parties – if an administrator (agent) is not appointed. This fact may affect the value of the Bonds.

***The Holders are exposed to the risk that the Issuer is not limited in issuing additional debt securities or creating additional liabilities***

The Issuer is not limited to the amount of debt it may issue that may arise or which it can secure. Moreover, the Issuer is not obliged to inform the Holders about the issue, creation or securing of a further debt. The issue, creation, or guarantee of a further debt may have an adverse effect on the market price of the Bonds and the Issuer's ability to meet all its obligations arising from the issued Bonds and may reduce the amount that the Holders would be able to obtain in the event of the Issuer's bankruptcy. If the Issuer's financial situation deteriorated, the Holders could suffer direct and materially negative consequences, including interruption in interest income or a reduction in the principal amount of the Bonds and, in the event of liquidation of the Issuer, loss of the whole investment. All these facts could have a negative impact on the Holders.

***Indicated Aggregate Amount of the Issue of the Bonds is not binding***

The Aggregate Amount of the Issue of the Bonds indicated in the relevant Final Terms represents the maximum Aggregate Amount of the Issue of such Bonds. However, the actual aggregate principal amount of the Bonds issued in this manner may be lower than the indicated Aggregate Amount of the Issue and may vary during the life of the Bonds issued in this manner, depending, in particular, on the demand for such Bonds and repurchases by the Issuer. Therefore, no conclusion may be drawn from the indicated Aggregate Amount of the Issue of such Bonds with regard to their liquidity on the secondary market.

**Risk factors related to the interest payment provisions of the Bonds**

***Risk of the Bonds with a fixed interest rate***

Holders of these Bonds are exposed to the risk that the price of these Bonds will fall as a result of interest rate changes. While the nominal interest rate of the Bonds is fixed during the life of the Bonds, the actual interest rate on the capital market (for the purpose of this paragraph, the **market interest rate**) is subject to change. The change of the market interest rate also means the change of value of the Bonds with a fixed interest rate, but in the opposite direction. Thus, if the market interest rate increases, the value of the Bonds with a fixed interest rate usually drops to the level in which the interest on such Note is approximately equal to the market interest rate. If, on the contrary, the market interest rate decreases, the value of the Bonds with the fixed interest rate usually increases to the level in which the interest on such Note is approximately equal to the market interest rate.

***Risk of the Bonds with a zero coupon***

The Holders of these Bonds 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 financial benchmark and reference rate continuity with regard to the floating rate Bonds***

The Bonds with a floating interest rate are usually volatile investments. The Holder of the Bonds with a floating interest rate is exposed to the risk of interest rate fluctuations and uncertain interest income. As a result of interest rate fluctuations, it is not possible to determine in advance the yield on the Bonds with a floating interest rate. If the Bonds with a floating interest rate are structured so as to include so-called “caps” (i.e. the maximum interest rate), the so-called “floors” (i.e. the minimum interest rate), or any combination thereof or other similar related elements, their market price may change more than the market price of the Bonds with a floating interest rate that do not include those elements. The effect of the “cap” is that the amount of interest never rises above and does not exceed a predefined threshold, so the Holder will not be able to benefit from any current advantageous development above the specified threshold. For this reason, the yield may be significantly lower than on the similar Bonds with a floating interest rate without the “cap”.

Interest on the Bonds with a floating rate of interest will be calculated by reference to one or several specific benchmark indices or swap rates; the reference rate will be provided by a relevant administrator. The EURIBOR (Euro Interbank Offered Rate) and other interest rate indices which are deemed to be benchmarks are the subject of regulatory supervision and recent national and international regulatory recommendations and proposals for reform (such indices jointly the **Benchmarks**). Some of these reforms are already effective while others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or stop to be used, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to such a Benchmark.

In May 2016, the Council of the European Union adopted the Benchmarking Regulation (Regulation (EU) No. 2016/1011). The Benchmark Regulation entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmark Regulation applies from 1 January 2018, except that the regime for “critical” Benchmarks applies from 30 June 2016. According to the Benchmark Regulation, a Benchmark may only be used if its administrator obtains authorisation or is registered or in the case of an administrator which is based in a non-EU jurisdiction, if the administrator’s legal benchmark system is considered equivalent (Article 30 of the Benchmark Regulation), the administrator is recognised (Article 32 of the Benchmark Regulation) or the Benchmark is endorsed (Article 33 of the Benchmark Regulation) (subject to applicable transitional provisions). The Benchmark Regulation prohibits the use of unauthorised administrators’ Benchmarks. The scope of the Benchmark Regulation is wide and, in addition to so-called “critical Benchmark indices” such as EURIBOR, it applies to many other interest rate indices.

The Benchmark Regulation could have a material impact on Bonds linked to a Benchmark, including any of the following circumstances:

- (a) a rate or an index which is a Benchmark could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the equivalence conditions, is not recognised pending such a decision and is not endorsed for such purpose. In any such event, depending on the particular Benchmark and the applicable terms of the Bonds, the Bonds could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted;
- (b) the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level; and
- (c) fall-back provisions will apply in case a Benchmark used as a reference for calculation of amounts payable under the Bonds issued under the Programme has ceased to be calculated or administered. The application of these fall-back provisions means the determination of the rate by the Issuer.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Any of the international, national or other proposals for reform or the general increased regulatory supervision of Benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or create certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks.

Benchmarks could also be discontinued entirely. If the Benchmark is discontinued or otherwise unavailable, the interest rate for the Bonds with a floating interest rate linked to such a Benchmark will be determined by the Issuer for the relevant period. Any such consequence could have a material adverse effect on the value of and return on any such Bonds.

Although it is uncertain whether or to what extent any of the above-mentioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of any Bonds linked to the relevant Benchmark, investors should be aware that any changes to a relevant Benchmark may have a material adverse effect on the value of any Bonds linked to such 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.

#### ***Tax impact of the investment***

A net income on the Bonds may be diminished by the tax burden associated with the investment in the Bonds. Interest on the Bonds, or profits realised by the Holder upon the sale or repayment of the Bonds, may be subject to taxation in the Holder's country of residence, in a country in which the transfer of the Bonds takes place or in another country that is relevant in the situation in which the Holder is subject to tax. Official statements of tax authorities or court decisions regarding financial instruments as the Bonds may not be available in certain countries.

#### ***Withholding tax risk***

As at the date of this Prospectus, the yield on the Bonds is not subject to any withholding tax, except for yield paid to tax payers who are individuals or tax payers not incorporated or established for business purposes and NBS. With regard to frequent changes of tax regime, no established application practice exists. Tax regulations which are subject to changes create negative prospects for the predictability and stability of the Slovak tax environment. Further changes regarding the withholding tax regime cannot be ruled out, which could negatively affect the expected yield on the Bonds.

#### ***Denomination of financial activities of the Holder in a currency other than the currency in which the Bonds will be issued and in which the Issuer will pay the Principal Amount and interest on the Bonds, may give rise to exchange rate risks***

The Issuer will pay the Principal Amount and interest on the Bonds in euro. This presents certain risk related to currency conversions if a Holder's financial activities are denominated in another currency (the **Holder's Currency**). These risks include, in particular, risks related to the significant change of exchange rates (including changes due to the devaluation of the currency specified in the relevant Final Terms or the revaluation of the Holder's Currency) and risks related to the introduction of exchange rate measures and controls. An appreciation of the Holder's Currency relative to the euro with respect to the expression in the Holder's Currency would mean a decrease of (i) the interest income on the Bonds; (ii) the Principal Amount; and (iii) the market value of the Bonds.

Government authorities may introduce or exercise exchange rate measures and controls that could adversely affect an applicable exchange rate; as a result, certain Holders, whose financial activities are denominated in a currency other than the euro, could receive lower interest on the Bonds or a lower Principal Amount than expected or no interest on or Principal Amount from the Bonds.

#### ***Payments on the Bonds may be subject to U.S. withholding tax under FATCA***

In certain circumstances, payments made under or in connection with the Bonds may be subject to U.S. withholding tax pursuant to Sections 1471 – 1474 of the U.S. Foreign Account Tax Compliance Act (usually designated as **FATCA**) and related legislation, or international agreements on the implementation of FATCA.

FATCA may also affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled

to receive payments free of FATCA withholding, or an ultimate investor that fails to provide the trader (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

If withholding is required under FATCA, the Issuer will not be required to pay any additional amounts with respect to the withheld amounts.

### **Risk factors related to purchasing and trading with the Bonds**

#### ***Risk that trading in the Bonds will be suspended, interrupted or terminated***

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 Holder is therefore exposed to the risk of an unfavourable development of market prices of its Bonds which materialises if the Holder sells the Bonds prior to the final maturity of such Bonds. If the Holder 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.

#### ***Risk of relevant clearing/settlement system***

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 Holders 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 Holders are exposed to the risk of unfavourable developments in the market prices of the Bonds they hold which may materialise if the Holders decide to sell them prior to their final maturity. The Holders 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 Holder 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.

#### ***Credit spread risk***

Potential investors in the Bonds must be aware that the Bonds bear the risk of the Issuer's credit spread, which may increase during the life of the Bonds, resulting in a decrease in the price of the Bonds. Factors affecting the credit spread include, inter alia, the Issuer's creditworthiness and rating, probability of default, potential loss in the event of a default and the remaining term to maturity of the Bonds. The liquidity rate, the general level of

interest rates, overall economic developments and the currency in which the Bonds are denominated may also have a positive or negative effect.

***Reduced yield caused by transaction costs and depositary fees***

The total return of the investment in the Bonds may be affected by the fees mainly related to the acquisition, custody, purchase or sale of the Bonds. Therefore, the Issuer recommends that potential investors in the Bonds become familiar with the fees charged related to the holding, purchase and sale of the Bonds.

Fees and transaction costs reduce the yield an investor will realise on the investment in the Bonds. When the Bonds are purchased, several types of incidental costs (including transaction fees and commissions) may be incurred and will have to be paid by the investor in addition to the then current market price of the Note. Similarly, when a Holder sells any Bonds, such incidental costs will reduce the actual price the Holder will receive for each Note sold. These incidental costs may significantly reduce or even exclude the profitability of an investment in the Bonds. For instance, credit institutions as a rule charge their clients commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic managers or brokers, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

***Rating of the Bonds may not adequately reflect all the risks of investing in the Bonds, and may also result in its suspension, downgrade or withdrawal***

Even if the Bonds will be rated, such a credit rating may not adequately reflect all the risks of investing in these Bonds. Credit rating 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.

***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 year-on-year inflation rate in September 2022 was 14.2%.<sup>4</sup>

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<sup>4</sup> Development of consumer prices in September 2022, the Statistical Office of the Slovak Republic, published on 14 October 2022, available at: [Inflation – consumer price indices in September 2022 \(statistics.sk\)](https://statistics.sk/).

**3. RESPONSIBILITY STATEMENT**

Prima banka Slovensko, a.s., with its registered seat at Hodžova 11, Žilina 010 11, Slovak Republic, Identification No.: 31 575 951, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 148/L (the **Issuer**) acting through Ing. Jan Rollo, Chairman of the Board of Directors and Ing. Henrieta Gahérová, Member of the Board of Directors, represents to be solely responsible for the information provided in the Prospectus.

The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its meaning.

In Bratislava, on 29 December 2022

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Name: Ing. Jan Rollo

Title: Chairman of the Board of Directors

Prima banka Slovensko, a.s.

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Name: Ing. Henrieta Gahérová

Title: Member of the Board of Directors

Prima banka Slovensko, a.s.



## 4. INFORMATION ABOUT THE ISSUER

### 4.1 Basic information

Business name:	Prima banka Slovensko, a.s.
Registered seat:	Hodžova 11, Žilina 010 11
Identification number:	31 575 951
Legal form:	joint-stock company
Country of incorporation:	Slovak Republic
LEI:	315700K45LRKNGMUIW27
Telephone:	+421 41 5111 111
Website:	<a href="http://www.primabanka.sk">www.primabanka.sk</a>

The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the 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 August 2019, No.: 100-000-187-176 to file No.: NBS1-000-038-410, which became final on 16 August 2019.

### 4.2 History

The Issuer, Prima banka Slovensko, a.s., identification no. (in Slovak: *IČO*) 31 575 951, is a legal entity that was established by 193 Slovak cities and municipalities by a foundation deed of 14 May 1992 as a joint-stock company under the Commercial Code, with the business name PRVÁ KOMUNÁLNA BANKA a.s (First Municipal Bank). The bank has specialised in providing services and financing to municipalities in the Slovak Republic.

Since 16 December 1992, the Issuer has been registered in the Commercial Register of the District Court Žilina, Slovak Republic, Section: Sa, Insert No.: 148/L. The Issuer is a joint-stock company established for an indefinite period of time and it carries out its business in compliance with Slovak law.

On 1 October 2003, the Issuer changed its name to Dexia Banka Slovensko a.s. after the entry of a new majority shareholder, Franco-Belgian banking group Dexia. At the same time, the Issuer started to build its position in the retail banking sector.

In 2011, Central European private equity group Penta Investments acquired a majority shareholding in the Issuer from Dexia. Subsequently, on 1 January 2012, the Issuer changed its business name to Prima banka Slovensko, a.s. and as a part of the new strategy it started to focus predominantly on retail clients, with a revised services portfolio and simplified products as well as expansion of the branch and ATM network.

In 2016, the majority shareholder Penta Investments acquired Sberbank Slovensko, a.s., which was subsequently merged into the Issuer on 1 August 2017. The Issuer became its legal successor, being the surviving entity. The business integration was completed as of the date of this Prospectus, with no connections to the Sberbank Group.

Throughout the last few years the Issuer continued executing its long term strategy and further visibly strengthened its position in the retail banking space while maintaining its significantly above average portfolio quality. The growth was supported also by the very successful inaugural covered bond issue in 2019.

### 4.3 Business overview

The Issuer is a Slovak bank and operates on the basis of the Commercial Code and the Act on Banks. The Issuer's scope of business includes banking activities performed on the basis of a banking licence granted to the Issuer in compliance with the Act on Banks. The banking activities performed by the Issuer are listed in the Issuer's

articles of association and are registered as the scope of business in the Commercial Register, and are carried out in compliance with the applicable generally binding legal regulations.

The Issuer considers individual clients, self-employed, small and medium enterprises and municipalities as its core client base. The principal products and services offered by the Issuer to its clients include account maintenance, the acceptance of deposits, the provision of loans, and domestic and cross-border payments. At the core of the relationship with each customer there is typically a current account that is further supplemented by other services and products pursuant to client preferences and needs.

Products and services are offered to customers through a country-wide branch network and direct online channels. The bank currently operates the third largest branch and ATM network (120 branches and 300+ ATMs) in the country, while being the only bank with branches in each of the 79 administrative districts of the Slovak Republic. It operates very customer-friendly and easy-to-use internet banking services, penetration of its mobile banking application among its customers belongs to strongest in the market and retains consistently favorable customer ratings. Being very competitive in both its physical presence and its direct online channels gives the Issuer a strong advantage as independent research shows the group of customers using both branches and direct online channels grows the most rapidly, while e.g. the group of customers using direct online channels only is significantly smaller and grows only very slowly.<sup>5</sup>

The Issuer has strengthened its position significantly since 2012, mainly in retail banking, in which it was the fastest growing bank over the period. It continues to grow at a significantly faster pace compared to the rest of the market, principally in retail lending and the number of its main bank customers. It also keeps a leading position in the segment of municipalities as majority of them continue using the Issuer as their main bank.

This growth follows from consistent execution of the Issuer's long-term strategy. It's driven by simplicity, transparency and the attractiveness of its products and services as well as the swiftness and simplicity of related processes. This, together with a strong customer focus throughout the whole organisation, has helped the Issuer to maintain top levels of customer satisfaction among the largest banks in the Slovak market.<sup>6</sup> The Issuer's growth is also built on the above-mentioned wide distribution network and its consistent marketing activities. These made its spontaneous brand awareness grow more than that of any other bank over the last few years. The Issuer spontaneous brand awareness is currently not far behind top three Slovak banks in this respect and well ahead of a number of bank brands that have operated in the market for a much longer time.<sup>7</sup>

#### 4.4 Strategy and key strengths

The strategy of the Issuer is to build a strong retail-focused bank, with a sustainable business model and distinctive competitive strengths that will translate step by step into an improved market position and financials.

Main values of the Issuer:

- Speed and Simplicity
- Transparency
- Expertise and Credibility

##### *Main pillars of the Issuer's strategy*

The Issuer considers individual clients, the self-employed, small and medium enterprises and the municipal segment as its core client base. The Issuer's strategy has remained constant since the entry of its new shareholder in 2011. The cornerstone of the strategy is to build long-term relationships with clients, so that they use the Issuer as their main banking institution. The strategy is built on three pillars: (i) to grow the number of active customers, (ii) to build lending excellence, and (iii) to simplify and grow efficiency. Each of these pillars is discussed further below.

##### *Grow active customers*

The Issuer is, as part of this aspect of its strategy, focused in particular on the following areas:

- Current Account as a base for the relationship
- Branches & ATMs, Coverage and Accessibility
- 24x7 Accessibility, Internet/Mobile

<sup>5</sup> Go4Insight research "Retail Banking Monitor 6/2022" procured by the Issuer.

<sup>6</sup> Go4Insight research "Retail Banking Monitor 6/2022" procured by the Issuer.

<sup>7</sup> 2 muse research 8/2022 procured by the Issuer.

- Brand, Marketing and PR
- Customer Satisfaction and Loyalty
- Activation and Retention
- Regular savings and payments
- Future generation

Consistent, step-by-step implementation of the strategy has helped the Issuer to grow its active customer base as well as its main bank share significantly more than any other bank in the market and thus strengthen its relative market position. An attractive product portfolio, together with wide accessibility through the third largest branch and ATM network in the Slovak Republic, in addition to direct online channels, consistently high customer satisfaction and growing brand awareness, have all contributed to this growth.

#### *Build Lending Excellence*

Competitive strength and excellence in lending are developed in the following areas:

- Loans to support Relationships
- Consumer Loans
- Housing Loans
- Overdrafts to activate
- Operating and Investment Loans

Within this pillar of the strategy, the Issuer primarily provides clients with fair terms and conditions for loan products and enables them to obtain funding through fast and simple processes without unnecessary complexity. This is achieved through a focus on relatively lower risk customers and financing, which includes the refinancing of customers with a positive track record, avoiding riskier segments and financing. This allows processes to remain straightforward, simple and fast, and allows for a high level of automation. Overall lending process simplicity also avoids the need to provide loans only through selected specialists and allows personal bankers in each of the branches to provide a full range of services.

Thanks to a consistent strategy execution in this area the Issuer has been the market fastest growing bank in retail lending in the market over the last eight years while strengthening its position mainly in lower risk areas of mortgage business. Success in the mortgages market also supports growth in the active customer and main bank customer base.

#### *Simplify and Grow Efficiency*

Focus on this area allows the Issuer to operate as efficiently as possible while also improving the processes for customers and increasing value for them.

The specific focus under this part of the strategy includes:

- Products and Processes
- Speed and Simplicity
- Reliability and Responsibility
- Transparency, Easy to understand
- Focus and Prioritisation

In the conduct of its banking business the Issuer aims to ensure that its products are simple, valuable, easy to understand and transparent for customers. The Issuer provides a key core product in each product category, with no unnecessary exceptions or modifications, which keeps the overall product management and customer servicing very simple and efficient. Following the same philosophy, the Issuer also strictly simplifies its internal processes and organisational structure, which is very lean and allows for more efficient internal operation and also better customer service.

The Issuer does not offer complex or opaque products which it does not perceive to be strategic and which are not among those really needed and required by meaningful numbers of customers, such as investment products, mutual funds, equity trading, treasury trading, credit cards etc. The Issuer does not offer foreign currency

financing or trading, focusing instead on providing services mainly in the euro currency and lending only in euros. At the same time the Issuer does not maintain its own trading book, which significantly reduces or even eliminates additional types of risks at the level of the overall business model.

#### ***The Issuer's strategy in mortgage lending***

Mortgage lending helps to attract new clients and provides a good base for building long-term relationships with them. It also represents a meaningful low-risk area to generate income for the bank.

The Issuer has set up fast and simple processes for providing mortgage loans and mortgage refinancing, which represents a significant competitive advantage in the market. The mortgage lending approach of the Issuer is also reflected in the following core principles:

*Strong focus on refinancing of mortgage loans from other banks.* The Issuer was one of the first Slovak banks to introduce a simple process of transferring well performing mortgage loans from other banks. The Issuer is now a significant player in the field of refinancing; more than half of new mortgage loans are refinancing loans where there is a proven repayment track record and history of customers, and a lower overall risk level.

*Credit risk diversification/no hunt for big ticket mortgages.* The Issuer does not hunt for volume or big ticket mortgages, focusing instead on higher numbers of customers with lower ticket sizes. The average mortgage in the portfolio on the Issuer books is significantly lower compared to those of competitors. This provides much better diversification and avoids concentration of risk in big ticket mortgages.

*Simple and fast underwriting processes, automated approval of mortgage loans.* The Issuer has established criteria on the basis of which a mortgage loan can also be approved by an automated process. In such a case, the process is extremely fast, increasing client satisfaction. Even where the mortgage loan application process requires manual approval, the following procedures are similarly quick and simple, making the Issuer very competitive. The simplicity and high level of automation is enabled also by the fact that the Issuer focuses on simple, straightforward types of customer income and on mainly simple, purpose-driven refinancing or purchasing, with no or minimal exceptions.

*Each personal banker at each branch sells all products including mortgage loans.* This universalist principle ensures sales efficiency at branches and enhances the relationship between client and personal banker in respect of all products and is again enabled mainly through product and process simplicity supported by a very user-friendly bankers front-end system.

*A mortgage loan is available at every branch and in every district.* The Issuer has the third largest network of branches and ATMs on the Slovak banking market, with branches in each of the 79 Slovak districts.<sup>8</sup> As a mortgage loan is perceived as a relatively complex product, personal consultations with bankers at branches are valued by customers. In this respect, the proximity of the branch plays an important role and forms one of the key competitive advantages of the Issuer.

*Mortgage loan interest rates are the same for each client.* The client is aware from the outset at what price the product will be purchased from the bank – thus ensuring transparency, fairness and a much easier sales process. The client's credit rating is reflected in, e.g., a maximum LTV or value of the loan, not in the interest rate.

*Structure of mortgage loans and collateral is simple.* The Issuer does not generally provide loans backed by real estate in development projects, keeps the number of construction loans to a minimum and avoids lending to customers with potentially problematic or complex types of income or property or projects. Likewise, the Issuer does not provide mortgage loans in foreign currency nor does it finance loans if applicants are in receipt of foreign currency income.

*Strict underwriting standards.* The Issuer sets rules in respect of client creditworthiness, collateral assessment, and loan-to-value and debt-to-income ratios that are significantly more stringent than the legal and regulatory limits and typically does not use the regulatory space to finance any of the business at thresholds above LTV or DTI levels.

*Claw back conditions and incentive model for internal and external sellers.* The Issuer operates a strict compensation/commission model for both internal staff and external partners. Its delinquency clawback conditions are tougher when compared with those of other institutions, thus clearly signalling its focus on quality and lower risk to sellers.

<sup>8</sup>

Based on publicly available Slovak banking sector data published by the NBS.

*Selection of external agents.* The Issuer uses a limited number of companies for the external sale of mortgage loans. The agents are subject to a rigorous selection process, and their performance is regularly evaluated and reviewed. The commission clawback conditions are significantly tougher compared to the market standards, which gives the partners a clear signal on quality requirements and is also translated into the very strong quality of production.

The Issuer's strategy for mortgage loans is to focus on lower risk customers and types of financing to allow for lower risk costs and also to enable simpler and faster processes, which also reduces cost and increases customer value. This overall set-up enables the Issuer to offer attractive and valuable conditions to customers. Customers with more complicated types of income or financing can be serviced by other banks but they could be given access to fast and easy refinancing by the Issuer if they can show a positive and verifiable performance track record.

As a result of its consistent strategy execution the Issuer has retained its position as the fastest growing mortgage player in the Slovak market over the last five years while still holding a significantly better portfolio quality compared to the overall market. The Issuer currently has built its market position to close to more than 10% of market share in portfolio volumes, while in units the market share is estimated at above 12% owing to lower average mortgage tickets compared to the rest of market.

#### 4.5 **Principal markets**

The Issuer provides its services and performs its banking operations on the domestic market in the Slovak Republic.

As of 30 September 2022, the Issuer was the fifth largest bank in the Slovak Republic by the total value of assets. The Issuer provided more than 12% of the total volume of mortgage loans on the Slovak market.<sup>9</sup>

#### 4.6 **Rating**

The Issuer has not been assigned with a public credit rating. The Issuer obtained only a private (internal) credit rating from the credit rating agency Moody's.

#### 4.7 **Information regarding current and new products/services**

The Issuer is a stable growing retail bank offering standard, user-friendly and comprehensible banking products to its predominantly retail client base, including current account, saving accounts, housing loans, consumer loans, overdrafts and payment services.

#### 4.8 **Organisational structure and status of the Issuer in its group**

The Issuer has no subsidiaries and has no own consolidated group.

The Issuer is a member of Penta Investments Group.

As of 31 December 2021, the direct parent company of the Issuer is Penta Financial Services Limited, with its registered seat at Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registered in the Companies Register, maintained by the Ministry of Industry, Trade and Tourism, Company Registrar and Bankruptcy Administrator Department, Nicosia, registration number: HE158996 (**Penta Financial Services Limited**) with controlling 99.55 % share in the registered capital and voting rights of the Issuer.

Penta Financial Services Limited is directly owned by PENTA INVESTMENTS LIMITED, with its registered seat at Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registration number: HE428480 (**Penta Investments Limited Cyprus**). The Issuer is almost wholly indirectly owned by the ultimate parent company Penta Investments Limited Cyprus and is part of its consolidated group.

Dependence of the Issuer on other entities within the Penta Investments Group is proportional to the share of those entities in the registered capital of the Issuer.

The Issuer 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 Issuer's owner and measures to ensure the elimination

<sup>9</sup> Based on publicly available Slovak banking sector data published by the NBS.

of the misuse of these rights are stipulated in the Commercial Code, the Act on Banks and other generally binding legal regulations.

#### 4.9 **Trend information**

Macroeconomic conditions, market environment, as well as legislation and regulation applicable to all financial institutions in the Slovak Republic and the Eurozone have an impact on the Issuer and its business. In addition to these general trends there might be an indirect impact of current geopolitical situation in Ukraine. Except for these trends, there are no other known trends, uncertainties, requirements, liabilities or events that could reasonably be considered to have an impact on the Issuer's prospects in the current financial year.

Since the date of compilation of the last audited separate financial statements of the Issuer for the year ending 31 December 2021, no significant material adverse change has occurred in the Issuer's prospects.

#### 4.10 **Profit forecasts or estimate**

The Issuer has neither published nor included in the Prospectus any profit forecast or estimate.

#### 4.11 **Administrative, managing and supervising bodies**

##### ***Board of Directors***

The Board of Directors is the Issuer's statutory body, which manages the Issuer's activities and acts on its behalf. The Board of Directors decides on all matters of the Issuer, unless a matter is reserved for the General Meeting or the Supervisory Board by law or the Issuer's articles of association. All members of the Board of Directors may act on behalf of the Issuer. At all times two members of the Board of Directors together or one member of the Board of Directors together with one proxy act and sign on behalf of the Issuer. The Board of Directors has three members; their term of office is five years.

*Members of the Board of Directors of Prima banka Slovensko, a.s.*

<b>Name and surname</b>	<b>Position held</b>
Ing. Jan Rollo	Chairman
Ing. Henrieta Gahérová	Member
Ing. Peter Novák	Member

All of the members of the Issuer's Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors is: Hodžova 11, Žilina 010 11, Slovak Republic.

##### ***Supervisory Board***

The Supervisory Board is the supreme control body of the Issuer; it supervises the financial and business activities of the Issuer, the execution of powers of the Board of Directors and the performance of other activities of the Issuer. It has three members; two are elected by the General Meeting and one by the Issuer's employees. The term of their office is three years. The Supervisory Board meets at least two times a year. A majority of all its members is required to adopt a decision.

*Members of the Supervisory Board of Prima banka Slovensko, a.s.*

<b>Name and surname</b>	<b>Position held</b>
Iain Child	Chairman

Ing. Marián Slivovič

Vice-chairman

Evžen Ollari

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: Hodžova 11, Žilina 010 11, Slovak Republic.

### **General proxy**

General proxy (in Slovak: *prokurista*) is authorised to represent the Issuer in all matters except with regard to disposal of real property. The Issuer has appointed two general proxies as at the date of this Prospectus. The term of his office is not set.

*General proxies of Prima banka Slovensko, a.s.*

<b>Name and surname</b>	<b>Position held</b>
Ing. Dušan Tomašec	General proxy
Ing. Igor Tušl	General proxy

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

Contact address of the general proxies is: Hodžova 11, Žilina 010 11, Slovak Republic.

### **The Corporate Governance Code**

As private company, the Issuer has no obligation to comply with any corporate governance codes. The Issuer conducts its business in compliance with Slovak and European banking legislation and Slovak corporate law, including with regard to all internal governance aspects.

## **4.12 Major shareholders**

### **Registered capital of the Issuer**

The registered capital of the Issuer amounts to EUR 226,772,938 and is divided into:

- (a) 100,200 non-bearer registered shares, with the nominal value of EUR 339 per share;
- (b) 100,200 non-bearer registered shares, with the nominal value of EUR 67 per share;
- (c) 701,400 non-bearer registered shares, with the nominal value of EUR 5 per share; and
- (d) 176,572,738 non-bearer registered shares, with the nominal value of EUR 1 per share.

Shares are freely transferable, but they are not admitted to trading on any regulated market or trading venue. The entire registered capital of the Issuer is fully paid up.

### **Shareholder structure of the Issuer as of 30 June 2022**

	<b>Registered capital</b> (in thousands of EUR)	<b>Share</b> (in %)	<b>Voting rights</b> (in %)
<b>Shareholder</b>			
Penta Financial Services Limited	225,754	99.55	99.55
Other shareholders (less than 1%)	1,019	0.45	0.45
<b>Total</b>	<b>226,773</b>	<b>100.00</b>	<b>100.00</b>

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 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 Issuer's owner and measures to ensure the elimination of the misuse of these rights are stipulated in the Commercial Code, the Act on Banks and other generally binding legal regulations.

#### 4.13 **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 included in the Prospectus by reference from the following Issuer's financial statements:

- (a) the separate financial statements of the Issuer for the year ending 31 December 2020 prepared in compliance with the IFRS, which form part of the Issuer's Annual Report for 2020; and
- (b) the separate financial statements of the Issuer for the year ending 31 December 2021 prepared in compliance with the IFRS, which form part of the Issuer's Annual Report for 2021; and
- (c) the interim separate financial statements of the Issuer for the nine months ending 30 September 2022 in accordance with IAS 34.

The Issuer has no consolidated group and does not prepare any consolidated financial statements.

The separate financial statements for the year ending 31 December 2020 and 31 December 2021 were audited by Ernst & Young Slovakia, spol. s r.o., with its registered seat at Žižkova 9, 811 02 Bratislava, Slovak Republic, Member of the Slovak Chamber of Auditors (SKAU), SKAU licence No. 257.

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

The interim separate financial statements of the Issuer for the nine months ending 30 September 2022 have not been audited. No other information in the Prospectus has been audited.

#### 4.14 **Legal, administrative and arbitration proceedings**

During the period of one year preceding the preparation of the Prospectus, the Issuer was not and is not aware of it being a party to any administrative, legal or arbitration proceedings (the **Proceedings**) that may have or may have had in the recent past significant effects on the financial position or profitability of the Issuer. It cannot be excluded that in the future the Issuer will become a party to any Proceedings that may have a material adverse effect on the economic results and financial position of the Issuer.

#### 4.15 **Significant change in the Issuer's financial position and other significant changes**

No significant changes have occurred in the financial performance, financial position or business position of the Issuer since the date of compilation of the audited separate financial statements of the Issuer for the year ending 31 December 2021 and since the date of compilation of the last non-audited separate financial statements of the Issuer for the nine months ending 30 September 2021.

No significant changes occurred in the structure of borrowing and financing of the Issuer. Except for issuing the Bonds under the Programme, the Issuer does not expect any significant changes in its funding structure.

#### 4.16 **Material contracts**

The Issuer has not entered into any material contracts other than contracts entered into in the ordinary course of the business that may result in a situation in which the Issuer will have an obligation or authorisation decisive for the Issuer's ability to perform the obligations under the Bonds towards their Holders.



**5. REASONS FOR THE OFFER AND THE USE OF PROCEEDS**

If not stated otherwise, the net proceeds from each issue of the Bonds will be used by the issuer for its general funding and liquidity management purposes.

## 6. BASIC INFORMATION ABOUT THE BONDS

### *General information*

The Bonds are debt securities that represent the Issuer's obligation to repay their principal amount and any proceeds.

The Bonds will be issued under the laws of the Slovak Republic, in particular the Bonds Act and the Act on Bank, under the Programme. The Issuer may issue the Bonds on a continuous or repeated basis as separate issues and individual issues may also be issued in parts (tranches).

The Bonds may be offered in the territory of the Slovak Republic or on the territory of other Member States of the European Union only in one or several manners defined in Article 1(4) of the Prospectus Regulation, which is exempt from the obligation to publish a prospectus.

The Issuer may, but is not obliged, to apply for admission of the Bonds on the regulated market of LSE or on another regulated market in the Member State of the EEA other than the Slovak Republic.

### *Legal framework of the Bonds (kryté dlhopisy) under Slovak law*

The details of the Bonds and their issuance are set out in the Act on Banks and the Act on Bonds. The Bonds are secured (covered) bonds the principal amount of which, including the yields on them, is fully covered by assets or other property values in the cover pool, which can only be issued by a bank in the Slovak Republic, and which is designated in its name as "covered note" (in Slovak: *krytý dlhopis*). The Holders of the Bonds have by virtue of law the priority security right over all assets registered in the cover pool, including in the mortgages over the real estate property securing the included mortgage loans.

An issuer of the covered notes may design a covered note as a "European Covered Note" (in Slovak: *európsky krytý dlhopis*), if it is secured by base assets under Section 70(1)(c) or 70(1)(d) of the Act on Banks or as a "European Covered Note (Premium)" (in Slovak: *európsky krytý dlhopis (prémiový)*), if it is secured by base assets under Section 70(1)(a) or 70(1)(b) of the Act on Banks and further requirements under Article 129 of the CRR

The Bonds can only be issued by a Slovak bank that has a bank license under the Act on Banks and which has obtained prior approval from the NBS to perform activities related to the covered bonds programme. The Issuer has obtained such prior approval of the NBS on 14 August 2019.

The cover pool consists of four components: (i) underlying assets (i.e. mortgage loans), (ii) additional assets, (iii) hedging derivatives, and (iv) liquid assets. An asset or property value becomes part of the cover pool by its inclusion in the register of covered bonds and is included until it is removed from this register. The cover pool may, pursuant to Section 68(3) of the Act on Banks, be used only to cover the Issuer's obligations to repay the principal amount of the covered bonds and their interest proceeds, the estimated obligations and costs of the Issuer related to the covered bonds programme (e.g. to the covered bonds programme administrator, the payment service agent, etc.) and the obligations of the Issuer arising from hedging derivatives.

The base assets are the Issuer's receivables from mortgage loans with a remaining maturity of no more than 30 years provided to consumers and secured by pledges over immovable assets that meet the statutory conditions. The base assets are also these pledges over immovable assets. If the value of the pledged property decreases to the amount of the current unpaid principal of the mortgage loan, such Issuer's receivable shall be included in the base assets only up to the amount not exceeding 80% of the value of the pledged property. If the value of the pledged property falls below the unpaid principal, it is not included in the base assets at all.

Additional assets include deposits with the NBS, the ECB or the central bank of a Member State, ECB debt certificates, cash, treasury bills issued by the Slovak Republic, or debt securities issued by a Member State, deposits with banks, foreign banks and debt securities issued by banks and foreign banks.

The Act on Banks sets out the method of calculating the cover ratio. The cover ratio is the ratio between the value of the cover pool, including payment claims arising from hedging derivatives, and the sum of the Issuer's obligations and costs arising from the covered bonds programme, including payment obligations arising from hedging derivatives (if they exist). Excess hedging is the portion of the cover ratio in excess of 100%. In case of the Covered Notes under this Base Prospectus covered by the prime mortgage loans, the minimal over-collateralisation is 105% as stated in Article 129(3a) of the CRR.

Property values and assets forming part of the cover pool are registered in the register of the covered bonds. They cannot be pledged by the Issuer or used to secure its other obligations.

The NBS appoints for each bank that is the issuer of covered bonds, a cover bonds programme administrator and its deputy supervising the compliance with the statutory conditions in relation to the covered bonds programme. The covered bonds programme administrator supervises the issue of covered bonds in terms of their requirements and coverage under the Act on Banks and informs NBS about any identified deficiencies. The covered bonds programme administrator is required to issue a written certificate for each issue of covered bonds prior to the issue, that they have the required coverage and that a record is kept in the register of covered bonds.

If the Issuer becomes insolvent, the separate bankruptcy estate of the secured creditors, who are the holders of the covered bonds, would be composed of the assets constituting the cover pool and registered in the register of covered bonds; this separate bankruptcy estate will include in particular the base assets, i.e. receivables from mortgage loans, including pledges over properties serving to secure the receivables from mortgage loans, provided that they have been registered in the register of covered bonds and included in the cover pool.

If the Issuer is insolvent, the bankruptcy trustee has several options to deal with the covered bonds programme. The bankruptcy trustee may in particular continue to operate the covered bonds programme as part of the issuer's business unless this reduces the overall satisfaction ratio for the holders of the covered bonds. If the bankruptcy trustee assesses that it will be more beneficial to the holders of the covered bonds, he may attempt to transfer the covered bonds programme or its part so that the whole covered bonds programme is transferred to another bank or multiple banks. If the bankruptcy trustee fails to secure transferring of the covered bonds programme, he is entitled to sell individual receivables from mortgage loans that form part of the cover pool's assets during the business operation. If the capitalisation fails to be achieved in such a way before termination of the operation of the Issuer's business, the bankruptcy trustee may, after fulfilling the statutory conditions and complying with the statutory deadlines, terminate the operation of the covered bonds programme as a part of the Issuer's business and enforce an early repayment of obligations corresponding to the receivables that constitute the base assets of the cover pool. Termination of the covered bonds programme operation will result in receivables payment falling due under the bonds.

#### *Application of the new regime under the EU Covered Bonds Directive*

The Issuer decided to apply the new regime under the EU Covered Bonds Directive to the Covered Notes issued before 8 July 2022 and will include such Covered Notes in the continuing covered notes programme governed by the new provisions of the Act on Banks implementing the EU Covered Bonds Directive. The Covered Notes are treated as European Covered Bonds (Premium) secured by prime mortgage loans, i.e. base assets under Section 70(1)(b) of the Act on Banks and meeting the requirements under Article 129 of the CRR

#### *Statutory publications concerning the Cover Pool and the Bonds*

Total value of eligible assets included in the Issuer's cover pool was approximately EUR 3.4 billion as of 30 September 2022. The covered liabilities include primarily EUR 2.0 billion issued covered bonds.

The information regarding the cover pool and the Bonds will be published by the Issuer to the extent required under the Act on Banks and other applicable regulation and prevailing Slovak market practice.

#### *EU Covered Bonds Directive 2019/2162*

Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision has been implemented into legislation and applies from 8 July 2022 (**EU Covered Bonds Directive**). The transposing amendments of the Act on Banks and related legislation have been passed by the Slovak Parliament in November 2021, with the effective date 8 July 2022. Implementation of the EU Covered Bonds Directive does not have material impact on the already issued CBs because the current Slovak legal framework is already aligned with most of the material requirements of new EU Covered Bonds Directive.

## 7. COMMON TERMS

*This section of the Prospectus contains certain information in square brackets that do not contain specific information or contain only a general description (or general principles or alternatives). At the moment of the preparation of the Prospectus, the unknown information concerning the Bonds, will be completed by the Issuer for individual issues of the Bonds in the Final Terms (as defined below) to be prepared and published in the form specified in clause 8 of the Prospectus designated as the “Form of the Final Terms”.*

*The term “Bonds” for the purpose of this clause 7 (“Common Terms”) only refers to the bonds of the issue concerned and shall not be construed as any bonds issued continuously or repeatedly by the Issuer under the Programme.*

*The text in these Common Terms in italics is merely a guide to the preparation of the Final Terms and is not part of the final legally binding text of the relevant Terms and Conditions (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 Prospectus will be governed by the Common Terms set out in this clause 7 (the “**Common Terms**”) and the respective Final Terms. For the purposes of these Common Terms and 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 these Common Terms (the **Final Terms**).

For the sake of clarity, the clauses and paragraphs of the Common Terms are numbered separately.

### PART A: INFORMATION ABOUT THE BONDS

This Part A (*Information about the Bonds*) of the Common Terms together with Part A of the Final Terms replaces the terms and conditions 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.

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

#### 1. Basic information, form and manner of issue of the Bonds

- 1.1 The covered Bonds (in Slovak: *kryté dlhopisy*), [ISIN], [FISN] [Common Code] will be issued by the Issuer, Prima banka Slovensko, a.s., with its registered seat at Hodžova 11, Žilina 010 11, Slovak Republic, Identification No.: 31 575 951, registered in the Commercial Register of the District Court Žilina, Slovak Republic, Section: Sa, Insert No: 148/L, LEI: 315700K45LRKNGMUIW27 (the **Issuer**) in accordance with Act No. 530/1990 Coll., on Bonds, as amended (the **Bonds Act**) and in accordance with Act No. 566/2001 Coll. on Securities and Investment Services, as amended (the **Securities Act**).

The Bonds are issued as covered bonds (in Slovak: *kryté dlhopisy*) under Section 67 et seq. of Act No. 483/2001 Coll. on Banks, as amended (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.

- 1.2 The Bonds are book-entry securities (in Slovak: *zaknihované cenné papiere*) registered in: [**Depository – information (name and address of the entity) about the entity that maintains the statutory records of securities**] (the **Central Depository**) in bearer form (in Slovak: *vo forme na doručiteľa*) pursuant to the Securities Act.
- 1.3 The Bonds will be issued with principal amount (in Slovak: *menovitá hodnota*) of each of the Bonds of [**Principal Amount**] (the **Principal Amount**), the number of securities being no more than [**Number of Securities in the Issue**].
- 1.4 The Bonds will be issued in euro.
- 1.5 The name of the Bonds is [**Name**].
- 1.6 The Aggregate Principal Amount (in Slovak: *celková menovitá hodnota*) of the Bonds will be no more than [**Aggregate Amount of the Issue**] (the **Aggregate Amount of the Issue**) and after deduction of the costs relating

to the issue of the Bonds (costs of the Central Depository, admission to trading, advisors, 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]**.

1.7 Individual issues of the Bonds may be issued by the Issuer in parts (tranches) in compliance with the applicable provisions of the Bonds Act.

1.8 The Issue Price of the Bonds was determined as **[Issue Price in %]** of the Principal Amount (the **Issue Price**).

**[Information about the accrued interest]**

1.9 The issue date of the Bonds is set for **[Issue Date]** (the **Issue Date**).

1.10 The Bonds will be issued under the EUR 3,000,000,000 covered bonds issuance programme pursuant to Article 8 of the Prospectus Regulation (the **Programme**).

## **2. Rights attached to the Bonds**

2.1 The Bonds will be issued in accordance with the Bonds Act, the Securities Act and the Act on Banks, and the Holders have the rights and obligations arising from these laws and the Terms and Conditions. The procedure for exercising these rights follows from the applicable laws and the Terms and Conditions.

2.2 Rights attached to the Bonds are not restricted, except for general restrictions pursuant to applicable legal regulations.

2.3 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.

2.4 The payment of the Principal Amount or the payment of interest on the Bonds is secured (covered) in compliance with the applicable provisions of the Act on Banks.

2.5 A joint representative of the Holders or any other representative of Holders has not been appointed.

## **3. Holders of the Bonds and transfers**

3.1 The Holders of the Bonds will be the persons registered as owners of the Bonds (a) on the owner's account (in Slovak: *účet majiteľa*) maintained by the Central Depository or by a member of Central Depository; or (b) in the internal records of a person for which Central Depository maintains a custody account (in Slovak: *držiteľský účet*) or similar account (each such account the **Relevant Account** and each such person the **Holder**). 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 Holder and perform vis-à-vis the Issuer and to the account of the Holder all legal acts (either in the Holder's name or in its own name) associated with the Bonds as if this person were their owner.

3.2 A transfer of the Bonds is made through the registration of the transfer in the Relevant Account.

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

## **4. Status of obligations**

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 liabilities of the Issuer, present and future, save for those obligations of the Issuer as may be stipulated by mandatory provisions of law.

## **5. Representations and undertakings of the Issuer**

5.1 The Issuer declares that it owes to the Holders the Principal Amount and undertakes to repay the Principal Amount and any interest on the Bonds (if the Bonds bear interest income), in accordance with their Terms and Conditions.

5.2 The Issuer undertakes to treat all Holders in the same circumstances equally.

- 5.3 **[Overcollateralization]** – [The Issuer undertakes to maintain the cover ratio (in Slovak: *ukazovateľ krytia*) in respect of the Bonds at least in accordance with the Act on Banks and other applicable Slovak laws.] *or* [The Issuer undertakes to maintain the cover ratio (in Slovak: *ukazovateľ krytia*) in respect of the Bonds at least at the level of [●].]

## 6. Interest

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 Principal Amount of the Bonds and their Issue Price. The provisions of clauses 6.2 to 6.9 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 and the Margin of **[Reference Rate and Margin]**% p. a. (the **Interest Rate**). The Reference Rate will be set for the first time **[Reference Rate Setting Deadline]** before the Issue Date and subsequently set **[Reference Rate Setting Deadline]** before the applicable Payment Date for the following Interest Period (the **Reference Rate Setting Date**). The current floating Interest Rate for the relevant Interest Period shall be notified by the Issuer to the Holders promptly.]]

- 6.1 Yield to Maturity as at the Issue Date amounts to: **[Yield to Maturity]**.
- 6.2 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 clause 8 below.

Interest on the Bonds will be paid to the Holders for each Interest Period retrospectively, for the first time on **[First Interest Payment Date]**.

For the purposes of the Terms and Conditions, the **Interest Period** shall mean 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 Principal Amount Maturity Date (exclusive) or until (b) the Early Maturity Date (exclusive) if the Bonds are redeemed early.

Interest on the Bonds shall be calculated according to the convention **[Convention]** (as defined below).

- 6.3 The amount of interest payable to each Holder shall be calculated (a) as the product of the Principal Amount 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 Holder, 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.
- 6.4 The Bonds will cease to bear interest as of the Principal Amount Maturity Date or the Early Maturity Date (if the Bonds are redeemed early), provided that the Principal Amount has as of this date been repaid. If the Principal Amount is not fully repaid as of the Principal Amount 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.
- 6.5 For the purposes of the Terms and Conditions, "**Reference Rate**" means the interest rate expressed as the percentage p.a. displayed on **[Screen page]** (or any substitute screen page displaying such information) as **[Relevant value]** – [the value of the fixing of the interest rates for sale on the interbank market for deposits for the relevant currency for the relevant period] *or* [the value of mid-swap interest rate (the average of bid and offer swap rate) for the fixed part of swap transaction, where the fixed rate is changed into a floating rate in the relevant currency for the relevant period] *or* [Not applicable.]; information/data regarding the past performance, current value as well as the volatility of the Reference Rate can also be obtained there.

If the Reference Rate is not available on the above-mentioned page or it is not displayed for any reason, it will be determined by the Issuer. In the event that any interest rate calculated using the Reference Rate in accordance with the procedures set out above would be less than zero, the Interest Rate with a value of zero will be used to calculate the Interest Rate.

- 6.6 If – except for the Interruption Event (as defined below) – the relevant Screen Page is not available or if the rate does not appear in the relevant time, the Issuer will request each of the Reference Banks (as defined below) to provide a rate for the Reference Rate of approximately 11:00 a.m. for the relevant Reference Rate Setting Date. If such rates are provided by two or more Reference Banks, the Reference Rate for the relevant period will be the arithmetic average of such rates (rounded to the nearest thousandth of a percentage point according to the arithmetic rules, if necessary). If such rates are provided by only one or none of the Reference Banks, the Reference Rate will be determined by the Issuer as the arithmetic average (rounded to the nearest one thousandth of a percentage point according to the arithmetic rules, if applicable) of the rates reported to the Issuer by the Reference Banks, or any two or more of them, as the rates at which major banks on the interbank market in the Eurozone offered them at around 11:00 a.m. on the relevant Reference Rate Setting Date deposits in the Currency for the relevant Interest Period. If the Reference Interest Rate cannot be determined in accordance with the preceding paragraphs, the Issuer shall determine the Reference Rate at its own discretion.

**Reference Banks** means at least four major banks in the Eurozone interbank market.

- 6.7 If the Issuer at its reasonable discretion determines that (a) it becomes illegal for the Issuer to use the Reference Rate, or (b) the Reference Rate administrator ceases to calculate and publish the Reference Rate permanently or indefinitely, or (c) the Reference Rate administrator becomes insolvent, is under restructuring or becomes subject to any similar proceedings (affecting the administrator) initiated by the administrator or its supervisory or regulatory authority, or (d) the Reference Rate is otherwise interrupted or otherwise ceases to be provided (each of the events referred to in paragraphs (a) to (d) an **Interruption Event**), the Reference Rate shall be replaced by the rate determined by the Issuer (the **Substitute Reference Rate**) in accordance with the following paragraphs in order (a) to (d):
- (a) The Reference Rate shall be replaced by a reference rate determined by any applicable law or regulation or notified by the Reference Rate administrator, the relevant Central Bank or supervisory authority or the regulatory authority as the substitute interest rate for the Reference Interest Rate, provided the Issuer has access to the source of such determination. The Issuer shall provide this information to the Holders as soon as possible in accordance with clause 14. In this case, the Issuer is not subject to any other disclosure obligations in connection with such Substitute Reference Rate or any adjustments or changes made in connection therewith.
  - (b) The Substitute Reference Rate shall be determined by the Independent Advisor's discretion as the rate most comparable to the Reference Rate, and if the Independent Advisor finds that there is a reference rate accepted in the industry as comparable to the Reference Rate, then the Independent Advisor will use such reference interest rate as the Substitute Reference Rate and determine which screen page or source to use in connection with this Substitute Reference Rate (the **Substitute Screen Page**). The Independent Advisor shall inform the Issuer and the Administrator of such determinations. The Issuer shall provide this information to the Holders without undue delay in accordance with clause 14.
  - (c) In addition to replacing the Reference Rate with the Substitute Reference Rate under paragraphs (a) or (b) above, the Issuer (acting in good faith and in a commercially reasonable manner) may state (i) the factor adjusting the interest rate or fraction or margin (which is added or deducted) to be applied to the Substitute Reference Rate for the purpose of achieving a result, consistent with the economic substance of the Reference Rate prior to the occurrence of the Interruption Event, and (ii) any other changes necessary to determine the Interest Rate or other payments to comply with market practice in relation to the Substitute Reference Rate (for example, Convention, business days, Interest Rate Setting Dates, method of calculating the amount of interest). The Issuer shall provide this information to the Holders without undue delay in accordance with clause 14.
  - (d) If the Substitute Screen Page determined in accordance with paragraph (b) is not accessible to the Issuer or if the Independent Advisor does not determine a Substitute Reference Rate or if the Issuer is unable to appoint an Independent Advisor even after reasonable efforts, the deadline for determining the Substitute Reference Rate under the above paragraphs was insufficient, the Issuer shall decide, at its reasonable discretion, but not earlier than three business days before the Reference Rate Setting Date, that:

- (i) the Reference Rate will be the rate displayed on the Screen Page on the last day preceding the relevant Reference Rate Setting Date, when this rate was stated, and informs the Holders about it without undue delay in accordance with clause 14; or
- (ii) it redeems all (not just some) Bonds early with the notice of early redemption being provided at least 30 days in advance in accordance with clause 14; clause 7.3 shall apply *mutatis mutandis*. **[Further information on early redemption if it is impossible to determine the Substitute Reference Rate]**

**Independent Advisor** means an independent financial institution of international repute or other independent financial advisor with relevant professional expertise appointed by the Issuer at its own expense.

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

- (a) “**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;
- (b) “**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; and
- (c) “**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).

6.9 The calculation of interest on the Bonds by the Issuer will be final and binding for all Holders, except for a manifest error.

## 7. Maturity of the Bonds

7.1 Unless the Bonds are redeemed earlier or repurchased by the Issuer and thus cease to exist, as defined below, the Principal Amount **[Method of Redemption]** shall be repaid on **[Maturity Date]** (the **Principal Amount Maturity Date**) or [for covered bonds only: Unless the Bonds are redeemed earlier or repurchased by the Issuer and thus cease to exist, as defined below, the Principal Amount **[Method of Redemption]** shall be repaid on **[Maturity Date]** (the **Principal Amount Maturity Date**) except that the Principal Amount Maturity Date in the event of bankruptcy, involuntary administration or resolution procedure related to the Issuer may be extended for a maximum period of 12 months and thereafter upon certain conditions for an additional 12 months in each case pursuant to the statutory requirements for extension maturity (soft bullet extension) in accordance with Section 82 of the Act on Banks and other relevant legislation.]

7.2 The Issuer has the right to subscribe or purchase any of the Bonds on the secondary market at any market price any time prior to the Principal Amount Maturity Date. The Bonds acquired by the Issuer will not cease to exist and the Issuer may keep and resell them. However, the Issuer may at any time until the Principal Amount Maturity Date decide to terminate the Bonds acquired by the Issuer, in which case such Bonds shall cease to exist.

7.3 **[Early redemption of the Bonds by the Issuer – [The Issuer is, on the basis of its decision, entitled to early redeem all (not only some) Bonds issued and outstanding as of [Early Redemption Date(s)] (the Early Maturity Date). The Issuer is obliged to announce such decision to the Holders no sooner than 60 days and no later than 30 days prior to the relevant Early Maturity Date.] The Issuer’s notification of the early redemption of the Bonds and of the Early Maturity Date is irrevocable and obliges the Issuer to early redeem the entire issue in respect of which the notification was made. On the Early Maturity Date, the Issuer shall pay to each Holder [(i) 100.00% of Principal Amount of the Bonds; and (ii) the extraordinary interest of [Extraordinary Interest Amount in %]] of the Principal Amount of the Bonds or [Other Determination of the Early Redemption Amount]. The provisions of clause 8 shall apply accordingly to the early redemption of the Bonds.]**

*or [The Issuer is entitled to early redeem all (not only some) Bonds issued and outstanding as of [Early Redemption Date(s)] (the Early Maturity Date) only if (a) on the occasion of the next payment due under the*



Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in clause 10 as a result of any change in, or amendment to, the laws or regulations of the Slovak Republic or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the issues of the first tranche of the Bonds and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. The Issuer is obliged to announce such decision to the Holders no sooner than 60 days and no later than 30 days prior to the relevant Early Maturity Date. The Issuer's notification of the early redemption of the Bonds and of the Early Maturity Date is irrevocable and obliges the Issuer to early redeem the entire issue in respect of which the notification was made. On the Early Maturity Date, the Issuer shall pay to each Holder 100.00% of Principal Amount of the Bonds and any accrued interest until that date. The provisions of clause 8 shall apply accordingly to the early redemption of the Bonds.]

*or* [Not applicable. The Issuer may not, on the basis of its decision, redeem the Bonds early.]]

## 8. Payment terms and conditions

- 8.1 The Issuer undertakes to pay the interest from the Bonds and repay the Principal Amount in euro. The interest from the Bonds and the Principal Amount shall be paid to the Holder in accordance with the tax, foreign exchange and other applicable Slovak legal regulations effective on the date of the relevant payment.
- 8.2 Payment of the interest from the Bonds will be made as of the Payment Date and the repayment of the Principal Amount will be made as of the Principal Amount Maturity Date or the Early Maturity Date (if the Bonds are redeemed early) 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**).
- 8.3 The interest from the Bonds and the Principal Amount shall be paid to persons who will prove to be the Holders according to the current register of Bonds held by the Central Depository or a Central Depository member or a person registering a Holder for the Bonds registered on the holding account held for such a person by the Central Depository at the close of business hours of the Central Depository on the relevant Determination Date (the **Authorised Person**).
- 8.4 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 15th calendar day prior to the Payment Date (exclusive), or
  - (b) for the purposes of the payment of the Principal Amount:
    - (i) the 15th calendar day prior to the of Principal Amount Maturity Date (exclusive); or
    - (ii) the 15th calendar day prior to the Early Maturity Date.
- 8.5 The Issuer shall make the payment of interest from the Bonds and the Principal Amount 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 five business days prior to the Payment Date or the Principal Amount Maturity Date or the Early Maturity Date.
- 8.6 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 five business days prior to the Payment Date/Principal Amount 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.
- Despite the Issuer's rights under the preceding sentence, 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.
- 8.7 If the Issuer, in reasonable time after the Payment Date, the Principal Amount 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.

- 8.8 For the purposes of the Terms and Conditions, a business day means a day on which commercial banks in city [Financial Centre] are normally open for business and the TARGET 2 system (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is open for settling transactions except for a Saturday, Sunday and any other day which is considered a public holiday in the Slovak Republic. If the Payment Date, the Principal Amount 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 Principal Amount 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.

## 9. Administrator

- 9.1 The activities of the administrator related to the payment of interest income, redemption of the Bonds and calculations related to the determination of income shall be provided by the Issuer.
- 9.2 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 Bonds Act, 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 Holders. The Issuer shall notify the Holders 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 thirtieth day after such Payment Date.
- 9.3 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 Holders. The Administrator shall not guarantee the Issuer's obligations under the Bonds or secure them in any other manner.
- 9.4 The Issuer and the Administrator may, without the consent of the Holders, agree on (a) any change of any provision of the Administration Agreement if such change is exclusively of a formal, secondary 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 Holders.

## 10. Taxation

The payments of the Principal Amount 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 Holders as will be necessary so that the net amount of the principal or interest received by the Holders 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 Holder, 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 Holder 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 Holder would provide a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.]]

## **11. 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 Principal Amount Maturity Date, in the case of the right to claim the payment of the Principal Amount of the Note and extraordinary interest (if applicable); 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.

## **12. 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 Bonds Act or a special law require otherwise.

## **13. Meeting**

### **13.1 The request to convene a Meeting**

Any Holders 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 Holders of the Bonds (the **Meeting**). The request to convene the Meeting must be delivered to the Issuer and, if appointed, to each Administrator. The Holders who have requested a Meeting are required to submit an extract from the records demonstrating that they are Holders pursuant to clause 3.1 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 Holders, but only if such withdrawal is received by the Issuer and, if appointed, also by each Administrator, no later than three 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 Holders. If the Meeting does not take place solely due to the withdrawal of the request to convene the Meeting, the Holders 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.

### **13.2 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 Holders 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.

### 13.3 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 No. and registered seat of the Issuer;
- (b) designation of the Bonds, including at least name of the Note, 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 there is no reason to convene the Meeting, 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 Holders 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 Holder.

### 13.4 Attending the Meeting

#### (a) Persons entitled to attend the Meeting

Each Holder who has been registered as a Holder of the Bonds pursuant to clause 3.1, except for the Issuer itself and any person controlled by the Issuer, is entitled to participate and vote at the Meeting (the **Person Entitled to Attend the Meeting**) on the seventh day prior to the day of the relevant Meeting (the **Date of Record for Attending 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.

**13.5 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 Holders 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 Principal Amount 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 Holders, 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 Bonds Act, 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 Holder 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 clause 13.3. 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 Holders free of charge in electronic form on the designated section of the Issuer's website <https://www.primabanka.sk/o-banke/pre-investorov/pre-investorov?loc=en>.

**(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 Holders 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 Holder 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;

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.

#### **14. Notices**

- 14.1 Any notice, publication or communication by the Issuer addressed to the Holders and any facts material for exercising the rights of the Holders will be published at the Issuer's website.
- 14.2 If the legal regulations 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 Holders.
- 14.3 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, taking into account the nature of a notice or publication, the Issuer may decide to make such notice or publication relating to the Bonds in English language only.
- 14.4 Any notice to the Issuer in respect of the Bonds must be delivered in writing to the following address:  
Prima banka Slovensko, a.s.  
Hodžova 11  
Žilina 010 11  
Slovak Republic  
  
or to such other address notified to the Holders in a manner described in this clause.

#### **15. Governing law and dispute resolution, language**

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

**PART B: TRADING, CONDITIONS OF OFFER AND OTHER INFORMATION****16. Admission to trading**

**[Admission to trading]** – [The Issuer will submit an application to the Luxembourg Stock Exchange, with its registered seat at 35A Boulevard Joseph II, L-1840 Luxembourg for the admission of the Bonds to trading on its regulated market: **[LSE 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.]] **[Estimated admission costs]** – [The Issuer estimates the costs associated with the request and admission of the Bonds to trading at **[●]** or [Not applicable].]

**17. Conditions of the Offer**

The Bonds will be offered in an offer which is not subject to the obligation to publish the Prospectus within and outside the Slovak Republic through **[Form of Offer]**. **[Offer is addressed to]** – [eligible counterparties] and/or [Qualified Investors] and/or [limited group of persons, i.e. less than 150 individuals or legal entities in the relevant Member State other than qualified investors]].

**[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] **[Financial Intermediaries / Dealers / 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 after the expiration of the relevant Settlement Date even in the event that the Aggregate Amount of the Issue has not been fully subscribed by the investors.

**[Prohibition of Sales to EEA Retail Investors]**

**[Prohibition of Sales to UK Retail Investors]**

**18. Additional information**

- (a) Interest of individuals and legal entities involved in the issue.

As of the date of the Prospectus, the Issuer is not aware of any interest of any individual or legal entity participating in the Programme that would be material to the Programme/offer.

**[Stabilisation Manager]** – [Not applicable. No Stabilisation Manager has been appointed in connection with the issue of the Bonds.] or **[Stabilisation Manager]**

**[Description of other interests]**

- (b) **[Third party information and expert reports]**

- (c) **[Approvals for the Issue of the Bonds]**

- (d) **Credit Rating of the Bonds.** No public credit rating is assigned to the Issuer. **[Credit rating assigned to the Bonds]** – [The Bonds are not rated.] or [It is expected that the Bonds will be rated **[●]** by **[●]**.] or **[Other information about the credit rating assigned to the Bonds].]**

- (e) **Advisors.** The issuer has not used services of any advisor. **[Information on other advisers]**

- (f) **Consent given to financial intermediaries.** The Issuer has not given any consent to any financial intermediaries to use the Prospectus for the subsequent resale or final placement of the Bonds.

The Issuer may use financial intermediaries for the placement of the Bonds in the Slovak Republic as well as in other Member States of the European Union, but always only in one or several manners defined in Article 1(4) of the Prospectus Regulation which is exempt from the obligation to publish a prospectus.

- (g) **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 reasonable disclosure of the terms concerning the Note issuance and ends 30 calendar days from the date of issuance and settlement of the Note issuance at the latest or (i.e. when the Issuer gains the proceeds) 60 calendar days from the date of the Note 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.

**8. FORM OF THE 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 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 Prospectus (if any) stated below in square brackets will be provided in the Final Terms only if one or more supplements to the Prospectus are made.*

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

## FINAL TERMS

[Date]



## Prima banka Slovensko, a.s.

Title of the Bonds: [●]

**issued under the EUR 3,000,000,000 Covered Bonds Issuance Programme  
under the base prospectus dated [●] December 2022**

Total issue amount: [●]

ISIN: SK[●]

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 **Prospectus**) to the covered bonds issuance programme issued from time to time or repeatedly by the company Prima banka Slovensko, a.s. (the **Issuer**).

The Prospectus and its supplements (if any) are available in electronic form at the designated section of the Issuer's website <https://www.primabanka.sk/o-banke/pre-investorov/pre-investorov?loc=en>. The information regarding the Issuer, the Bonds and their offer is only complete in combination of these Final Terms and the Prospectus and its supplements (if any).

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

This part of the Final Terms, including the used defined terms, must be read in conjunction with the Common Terms contained in the Prospectus.

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

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

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**). 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

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

*MiFID II Product Governance*

**MiFID II monitoring of the creation and distribution of a financial instrument:** The Issuer, as a manufacturer of a financial instrument, has evaluated solely for the purposes of the approval process of a financial instrument under the Securities Act that the determined (i) target market for the Bonds is [professional clients] [,][and] [eligible counterparties], and (ii) the distribution channels for the Bonds are [all distribution channels for professional clients and eligible counterparties] [,] [personal sale at the Issuer's branches] [,] [and] [sale through technical facilities through the [●] department of the Issuer] [, with the sale being performed as [sale without advice] [,][and] [sale with provision of investment advice]]. Any person subsequently offering, selling or recommending the Bonds (each a **Distributor**) must take into account the evaluation of the nature of the financial instrument, investment service and target market by the manufacturer of the product, and the Distributor is responsible for taking appropriate measures so that the Bonds are distributed through appropriate distribution channels in accordance with the characteristics, objectives and needs of the target market identified by the Issuer. The Distributor of financial instruments is required to provide the Issuer with information on the distribution of financial instruments. **The Bonds are not for distribution to non-professional clients.**

[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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the 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 securities) of the Common Terms shall constitute the terms and conditions of the relevant issue of the Bonds.*

**Clause 1: Basic information, form and manner of issue of the Bonds**

ISIN (1.1):	[●]
FISN (1.1)	[●] / Not applicable.
Common Code (1.1)	[●] / Not applicable.
Depository (1.2):	[●]
Principal amount (1.3):	[●]
Number of Securities in the Issue (1.3):	[●]
Name (1.5):	[●]
Aggregate Amount of the Issue (1.6):	[●]
Estimated Net Proceeds from the Issue (1.6):	[●]
Issue Price in % (1.8):	[●]
Information about the accrued interest (1.8):	[●] / Not applicable.
Issue Date (1.9):	[●]

**Clause 5: Representations and undertakings of the Issuer**

Overcollateralization (5.3):	<p>[●] (<i>selection of option from the Common Terms</i>)</p> <p>[The Issuer undertakes to maintain the cover ratio (in Slovak: <i>ukazovateľ krytia</i>) in respect of the Bonds at least in accordance with the Act on Banks and other applicable Slovak laws.] <i>or</i> [The Issuer undertakes to maintain</p>
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	the cover ratio (in Slovak: <i>ukazovateľ krytia</i> ) in respect of the Bonds at least at the level of [●].]
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**Clause 6: Interest**

Determination of interest (6.1):	<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 <b>Interest Rate</b>).]</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 Principal Amount of the Bonds and their Issue Price. The provisions of clauses 6.2 to 6.9 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 and the Margin of [Reference Rate and Margin]% p. a. (the <b>Interest Rate</b>). The Reference Rate will be set for the first time [Reference Rate Setting Deadline] before the Issue Date and subsequently set [Reference Rate Setting Deadline] before the applicable Payment Date for the following Interest Period (the <b>Reference Rate Setting Date</b>). The current floating Interest Rate for the relevant Interest Period shall be notified by the Issuer to the Holders promptly.]]</p>
Yield to Maturity (6.2):	[●] / Not applicable.
Interest Payment Frequency (6.2):	[●] / Not applicable.
Interest Payment Date(s) (6.2):	[●] / Not applicable.
First Interest Payment Date (6.2):	[●] / Not applicable.
Convention (6.2):	[●] / Not applicable.
Screen page (6.5):	[●] / Not applicable.
Relevant value (6.5):	<p>[● (<i>selection of option from the Common Terms</i>)</p> <p>[the value of the fixing of the interest rates for sale on the interbank market for deposits for the relevant currency for the relevant period] or [the value of mid-swap interest rate (the average of bid and offer swap rate) for the fixed part of swap transaction, where the fixed rate is changed into a floating rate in the relevant currency for the relevant period] <i>or</i> [Not applicable.]]</p>
Further information on early redemption if it is impossible to determine the Substitute Reference Rate (6.7):	[●] / Not applicable.

**Clause 7: Maturity of the Bonds**

Method of Redemption (7.1):	[●]
Maturity Date (7.1):	[●]
Repurchase (7.2):	<p>[●]</p> <p>[Repurchase – [The Issuer has the right to purchase any of the Notes on the secondary market at any market price any time prior to the Principal Amount Maturity Date.]</p>
Early redemption of the Bonds by the Issuer (7.3):	[● ( <i>selection of option from the Common Terms</i> )

	<p>[The Issuer is, on the basis of its decision, entitled to early redeem all (not only some) Bonds issued and outstanding as of [<b>Early Redemption Date(s)</b>] (the <b>Early Maturity Date</b>). The Issuer is obliged to announce such decision to the Holders no sooner than 60 days and no later than 30 days prior to the relevant Early Maturity Date.] The Issuer's notification of the early redemption of the Bonds and of the Early Maturity Date is irrevocable and obliges the Issuer to early redeem the entire issue in respect of which the notification was made. On the Early Maturity Date, the Issuer shall pay to each Holder [(i) 100.00% of Principal Amount of the Bonds; and (ii) the extraordinary interest of [<b>Extraordinary Interest Amount in %</b>]] of the Principal Amount of the Bonds <i>or</i> [<b>Other Determination of the Early Redemption Amount</b>]. The provisions of clause 8 shall apply accordingly to the early redemption of the Bonds.]</p> <p><i>or</i> [The Issuer is entitled to early redeem all (not only some) Bonds issued and outstanding as of [<b>Early Redemption Date(s)</b>] (the <b>Early Maturity Date</b>) only if (a) on the occasion of the next payment due under the Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in clause 10 as a result of any change in, or amendment to, the laws or regulations of the Slovak Republic or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the issues of the first tranche of the Bonds and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. The Issuer is obliged to announce such decision to the Holders no sooner than 60 days and no later than 30 days prior to the relevant Early Maturity Date. The Issuer's notification of the early redemption of the Bonds and of the Early Maturity Date is irrevocable and obliges the Issuer to early redeem the entire issue in respect of which the notification was made. On the Early Maturity Date, the Issuer shall pay to each Holder 100.00% of Principal Amount of the Bonds and any accrued interest until that date. The provisions of clause 8 shall apply accordingly to the early redemption of the Bonds.]</p> <p><i>or</i> [Not applicable. The Issuer may not, on the basis of its decision, redeem the Bonds early.]]</p>
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**Clause 8: Payment Terms and Conditions**

Financial Centre:	[●]
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**Clause 10: Taxation**

Gross-up:	<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 recipients 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 Holder as will be necessary so that the net amount of the principal or interest received by the Holders after such withholding or deduction will be equal to the respective amounts which would otherwise have been received in respect of the Bonds in the absence of such withholding or deduction (the <b>Additional Amounts</b>). However, no such Additional Amounts will be payable on account of any withheld or deduced tax which:</p> <p>(a) is payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed</p>
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	<p>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> <p>(b) is payable by reason of the Holder having, or having had, any 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>(e) would not be payable if the Holder 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 TRADING, CONDITIONS OF THE OFFER AND OTHER INFORMATION****Clause 16: Admission to trading**

Admission to trading:	<p>[● (selection of option from the Common Terms)]</p> <p>[The Issuer will submit an application to Luxembourg Stock Exchange, with its registered seat at 35A Boulevard Joseph II, L-1840 Luxembourg, for the admission of the Bonds to trading on its regulated market: <b>[LSE Market]</b> or [The Issuer will submit an application for the admission of the Bonds to trading on <b>[Specification of other regulated market]</b>.] or [The Issuer will not submit an application for the admission of the Bonds to trading on a regulated market.]]</p>
Estimated admission costs:	<p>[● (selection of option from the Common Terms)]</p> <p>[The Issuer estimates the costs associated with the request and admission of the Bonds to trading at [●] or [Not applicable].]</p>

**Clause 17: Conditions of the Offer**

Form of Offer:	[●]
Offer is addressed to:	<p>[● (selection of option from the Common Terms)]</p> <p>[eligible counterparties] and/or [Qualified Investors] and/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 the Common Terms)]</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, placement without firm commitment or “best efforts” arrangement and the distribution of the Bonds is arranged by the Issuer.] or [[The Issuer] [and] <b>[Financial Intermediaries / Dealers / Joint Lead Managers]</b> 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</p>

	prospectus does not apply.] <b>[Information on any subscription agreements]</b>
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**Clause 18: Additional Information**

Stabilisation Manager:	[●] ( <i>selection of option from the Common Terms</i> ) [Not applicable. No Stabilisation Manager has been appointed in connection with the issue of the Bonds.] or <b>[Stabilisation Manager]</b>
Description of other interests:	[●] / Not applicable.
Third party information and expert reports:	[●] / Not applicable.
Approvals for the Issue of the Bonds:	[●] / Not applicable.
Credit rating assigned to the Bonds:	[●] ( <i>selection of option from the Common Terms</i> ) [The Bonds are not rated.] or [It is expected that the Bonds will be rated [●] by [●].] or <b>[Other information about the credit rating assigned to the Bonds]</b> .
Information on other advisers:	[●]

In Bratislava on [●].

\_\_\_\_\_  
Name: [Name and surname]

Title: [●]

Prima banka Slovensko, a.s.

\_\_\_\_\_  
Name: [Name and surname]

Title: [●]

Prima banka Slovensko, a.s.



## 9. DISTRIBUTION AND SELLING RESTRICTIONS

### 9.1 Restrictions in the distribution of the Prospectus and offering of the Bonds

The distribution of the 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 Prospectus by the NBS. The Issuer may, at any time after the Prospectus has been approved, request the NBS to notify the approval of the 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 for 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 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 Prospectus are required to become acquainted with and observe any restrictions that may be relevant to them.**

The 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; (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 Prospectus, including any Prospectus 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 Prospectus or Prospectus 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 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 Retail Investors*

If the Final Terms in respect of any of the Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Applicable", each Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the 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;
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

If the Final Terms in respect of any of the Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Applicable", in relation to each Member State of the EEA (each, a **Relevant State**), each Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by the 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 in that Relevant State:

- (c) 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;
- (d) Qualified Investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (e) 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
- (f) 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 (d) to (f) 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.

For the purposes of this provision, the expression **an offer of Bonds to the public** in relation to any Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

#### *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 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 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 Bonds an offer or sale of such 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 - Prohibition of Sales to UK Retail Investors*

If the Final Terms in respect of any of the Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Applicable", each Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

If the Final Terms in respect of any of the Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Applicable", each Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by the Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Bonds to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Bonds referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression **an offer of Bonds to the public** in relation to any Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

#### *The United Kingdom - Other Regulatory Restrictions*

Each 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.

#### *General*

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 that would permit a public offering of 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 Prospectus or any Final Terms comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expenses.

Each 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 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.

The Issuer does not represent 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.

## 9.2 **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.

## 10. GENERAL DESCRIPTION OF TAXATION IN THE SLOVAK REPUBLIC

**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 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 Prospectus. This summary does not describe tax and payment matters under the laws of any other country than the Slovak Republic.*

*The Holders are recommended to consult the provisions of the applicable legal regulations with their own advisors, 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 Holders 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 income on the Bonds will be taxed pursuant to the law applicable at the time of its payment. Currently, such income is pursuant to Act No. 595/2003 Coll. on Income Tax, as amended (the **Income Tax Act**), taxed as follows:

- income on the Bonds realised by a tax non-resident (the **Tax Non-Resident**) not engaged in business through a permanent establishment in Slovakia is not subject to income tax in the Slovak Republic;
- income on the Bonds realised by a tax Resident (the **Tax Resident**) that is a legal entity, forms part of the tax base of such taxpayer and is subject to a 21% income tax;
- income on the Bonds realised by a Tax Non-Resident engaged in business through a permanent establishment in Slovakia may be subject to a tax rate of 35%, as applicable; the tax guarantee shall be made by a taxpayer that makes, remits or credits the payments to the given taxpayer.

The Issuer is liable for the withholding of tax unless the Bonds are, as part of custodianship services, held in a custody account of the securities trader; in such a case, the securities trader is liable for withholding the tax. In individual cases, a yield on the Bonds may arise to an individual – Tax Resident without the tax from it being subject to tax withholding and the yield is included in the tax base of the individual (e.g. a note sold on the secondary market, under special terms or a yield arising on the maturity of a security calculated from the difference between the principal amount of the security and the issue price on its issue date). The taxpayer not incorporated or established for business purposes or the NBS is liable for the withholding of tax in respect of the income on the Bonds realised by this taxpayer not incorporated or established for business purposes or the NBS.

Pursuant to Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC on automatic exchange of information (DAC2) and pursuant to the agreement entered into between the Slovak Republic and the United States of America to improve compliance with international tax legislation, which were implemented to the Act No. 359/2015 Coll. on automatic exchange of financial account information for purposes of tax administration, the Issuer provides the local tax administrator with selected information about clients from EU Member States and clients from other selected countries, including the USA, for the previous year, annually by 30 June of the relevant year.

Income from sale of the Bonds realised by a legal entity being a Slovak Tax Resident or a permanent establishment of a Tax Non-Resident is included in the tax base and is subject to a 21% tax rate. In general, losses from the sale of the Bonds calculated on a cumulative basis for all Bonds sold in an individual tax period are not recognisable for tax purposes, except for specific cases stipulated by law (e.g., loss from the sale of the Bonds is recognisable for tax purposes if it is not higher than the yield on the Bonds included in the tax base until its sale or maturity).

Generally, income from the sale of the Bonds realised by a Slovak Tax Non-Resident coming from a Slovak Tax Resident or a permanent establishment of the Slovak Tax Non-Resident is subject to the applicable income tax rate, unless the international double taxation treaty entered into by the Slovak Republic provides otherwise.

**11. GENERAL INFORMATION**

- 11.1 **Completeness of the Prospectus.** The Prospectus is to be read together with any supplements to the 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 Prospectus (including supplements to the Prospectus and documents and information incorporated by reference) and the relevant Final Terms.
- 11.2 **Approval of information and 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 Prospectus at any time does not mean that information contained herein is accurate at any time after the date of this Prospectus. Unless provided otherwise, any and all information contained herein is provided as at the date of this Prospectus. The Prospectus may be updated pursuant to Article 23 of the Prospectus Regulation in the form of a Prospectus supplement. Any Prospectus supplement must be approved by the NBS and subsequently published.
- 11.3 **Validity of the Prospectus.** With the approval of this Prospectus by the NBS and its publication by the Issuer, the validity of the previous basic prospectus prepared by the Issuer for the Programme ends.
- 11.4 **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 Prospectus, used Reference Rate administrators are registered in the ESMA register of administrators under Article 36 of Regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
- 11.5 **No investment recommendation.** Neither the Prospectus nor any financial information provided in respect of the Programme or the issue of the Bonds is intended to provide the basis for any credit or other evaluation of the Issuer or the Bonds and may not be considered as a recommendation by the Issuer that any recipient of the Prospectus or any financial information regarding the Issuer should buy the Bonds. Each potential purchaser of the Bonds should evaluate for itself the relevance of the information contained in the Prospectus or any financial information regarding the Issuer, and its purchase of the Bonds should be based on any such review as it deems necessary.
- 11.6 **Credit rating of the Bonds.** The Bonds are expected to be rated, and such rating, as well as the credit rating agency which has assigned it, will be specified in the Final Terms. The rating cannot be considered a recommendation to purchase, sell or hold the securities and may be subject to suspension, downgrade or withdrawal at any time by the assigning credit rating agency. Whether or not the rating applied for in relation to the relevant issue of the Bonds will be assigned by a credit rating agency established in the European Union and registered under the CRA Regulation is disclosed in the Final Terms. ESMA is obliged to publish on its website <https://www.esma.europa.eu/> a list of credit rating agencies registered and certified in compliance with the CRA Regulation. The ESMA website is neither incorporated by a reference in nor does form part of the Prospectus.
- 11.7 **Yield to Maturity.** The yield to maturity specified in the relevant Final Terms of the relevant issue of the Bonds with a fixed interest rate shall be calculated as the internal rate of return of the relevant Bonds as at the Issue Date. The internal rate of return is defined as the discount rate in which the current value of all future cash flows from the Bonds is equal to the initial investments in them. As set out above, the yield to maturity is calculated as at the Issue Date on the basis of the Issue Price. Such calculation of the yield cannot be deemed as the indication of the actual future yield on the Bonds.
- 11.8 **Approval of the Programme by the Issuer's bodies.** The establishment of the Programme was approved by the Issuer's Board of Directors on 12 July 2019. 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.
- 11.9 **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 Ing. Marian Hablák as the administrator and Ing. Marian Štefanec 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.

- 11.10 **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 the applicable governing law.
- 11.11 **Forward-Looking Statements.** This 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.
- 11.12 **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 values included in the Prospectus have been subject to rounding adjustments. Accordingly, the values given for the same information item presented in different tables may slightly vary and the values given as totals in certain tables may not represent the arithmetic sum of these values.
- 11.13 **Information from third parties.** The Issuer used in clause 2.1 "*Risk factors associated with the Issuer*", in clause 2.2 "*Risk factors associated with the Bonds*" and in clause 4.3 "*Business overview*" following third party information:
- the Ministry of Finance of the Slovak Republic, at <https://www.mfsr.sk/en/>;
  - the NBS, at [www.nbs.sk](http://www.nbs.sk);
  - the European Central Bank, at <https://www.ecb.europa.eu/home/html/index.en.html>;
  - the Statistical Office of the Slovak Republic, at [www.slovak.statistics.sk](http://www.slovak.statistics.sk);
  - Go4Insight research procured by the Issuer.
  - 2 muse research procured by the Issuer

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.

- 11.14 **Expert reports.** The Prospectus does not contain any statement or report attributed to a person acting as an expert. Except for the information extracted from the audited financial statements of the Issuer, the Prospectus does not contain any audited information and no auditor's report has been prepared thereon.
- 11.15 **Publications concerning the Cover Pool and the Covered Bonds.** The information regarding the Cover Pool and the Covered Bonds will be published by the Issuer to the extent required under the Act on Banks and other applicable regulation in separate section on its website <https://www.primabanka.sk/o-banke/pre-investorov/pre-investorov?loc=en>. None of the information published by the Issuer pursuant to the preceding sentence is incorporated in the Prospectus by reference or forms a part thereof.
- 11.16 **Language of the Prospectus.** The Prospectus has been prepared and will be approved by the NBS in the English language. If the Prospectus is translated into another language, the English language version of the Prospectus shall prevail in the case of any interpretation discrepancies between the Prospectus in English and the Prospectus translated into another language.

- 11.17 **Assessment of the investment.** A potential investor should responsibly consider (or together with its advisors) any investment in the Bonds issued by the Issuer, in light of its own circumstances. It is particularly necessary for the investor to:
- (a) have sufficient skills and experience to make an appropriate evaluation of the Bonds, risks related to them and information contained (or incorporated by reference) in the Prospectus and the Final Terms, and any Supplement thereto;
  - (b) have knowledge of and access to appropriate analytical tools to evaluate investments in the Bonds and be able to evaluate the effect of the investment in the Bonds on its financial situation and/or its overall investment portfolio, always in the context of its particular financial situation;
  - (c) have sufficient financial resources and liquidity to bear all the risks related to the investment in the Bonds, including the potential volatility of the value of 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 relevant terms and conditions of the Bonds (including the relevant Final Terms) and be familiar with the functioning of the relevant indices and financial markets; and
  - (f) be able to evaluate (either alone or in cooperation with its financial advisor) possible scenarios of development of the economy, interest rates and other factors that may affect its investment and its ability to bear relevant risks.
- 11.18 **Negative pledge, cross-default.** The Terms and Conditions of any issue of the Bonds do not contain any negative pledge or cross-default clauses.
- 11.19 **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 Holders 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 Holder. 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 advisors.*

**12. DOCUMENTS INCORPORATED BY REFERENCE**

In the Prospectus, specifically in its clause 4.13 headed “*Financial information concerning assets and liabilities, financial situation and profits and losses of the Issuer*”, the information from the following documents is incorporated by reference:

- (a) The audited separate financial statements of the Issuer for the year ending 31 December 2020 prepared in compliance with the IFRS (the **2020 Financial Statements**). The Prospectus must be read in conjunction with the 2020 Financial Statements, which shall be incorporated by reference into, and form part of, this Prospectus.

The 2020 Financial Statements are available at the following hypertext link:

<https://www.primabanka.sk/preview-file/separate-financial-statements-of-prima-banka-31-12-2020-4171.pdf>

- (b) The audited separate financial statements of the Issuer for the year ending 31 December 2021 prepared in compliance with the IFRS (the **2021 Financial Statements**). The Prospectus must be read in conjunction with the 2021 Financial Statements, which shall be incorporated by reference into, and form part of, this Prospectus.

The 2020 Financial Statements are available at the following hypertext link:

<separate-financial-statements-of-prima-banka-31-12-2021-s-vyrokom-4517.pdf>

- (c) The interim separate financial statements of the Issuer for the nine months ending 30 September 2022 prepared in accordance with the IAS 34 as adopted by the EU. The Prospectus must be read in conjunction with the interim Financial Statements, which shall be incorporated by reference into, and form part of, this Prospectus.

The interim Financial Statements are available at the following hypertext link:

<https://www.primabanka.sk/preview-file/separate-financial-statements-of-prima-banka-30-9-2022-5289.pdf>

All the financial statements are available on the designated section of the Issuer’s website at <https://www.primabanka.sk/o-banke/pre-investorov/pre-investorov?loc=en>.

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

**13. DOCUMENTS AVAILABLE**

The following documents are available free of charge in electronic form on the designated section of the Issuer's website <https://www.primabanka.sk/o-banke/pre-investorov/pre-investorov?loc=en> until the maturity of the relevant issue of the Bonds:

- (a) consolidated wording of the Issuer's current articles of association;
- (b) minutes of the Meetings;
- (c) the Prospectus and any updates thereof in the form of any supplement(s) to the Prospectus;
- (d) the Final Terms prepared for the relevant issue of the Bonds;
- (e) notices to the Holders of the relevant issue of the Bonds; and
- (f) for the term of validity of the Prospectus, all documents from which information is incorporated in the Prospectus by reference.

**Other than in relation to the documents, which are deemed to be incorporated by reference in clause 12 "Documents Incorporated by Reference", the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the NBS.**

## 14. GLOSSARY

For ease of reference, we list the main abbreviations and definitions used in the Prospectus:

**2020 Financial Statements** means the annual financial statements of the Issuer for the year 2020 prepared in compliance with the IFRS.

**2021 Financial Statements** means the annual financial statements of the Issuer for the year 2021 prepared in compliance with the IFRS.

**2022 Financial Statements** means the interim financial statements of the Issuer for the nine months ending 30 September 2022 prepared in compliance with the IFRS.

**Act on Banks** means Act No. 483/2001 Coll. on Banks, Amending and Supplementing Certain Acts, as amended.

**Additional Amounts** means the payments to the Holders so that the principal or interest income actually received by the Holders is in such an amount as if no withholding or deduction has been made.

**Administration Agreement** means the agreement (if any) entered into between the Issuer and the Administrator on the performance of its office.

**Administrator** means the person with whom the Issuer enters into the agreement on payment, calculation or other administrative functions in relation to the Bonds. If no such person has been appointed, the Issuer shall perform all administrative functions in relation to the Bonds.

**AML** means all applicable legal regulations regulating anti-money laundering and anti-terrorism financing.

**Authorised Person** has the meaning given in clause 8.3 of the Terms and Conditions.

**Bankruptcy Act** means Act No. 7/2005 Coll. on Bankruptcy and Restructuring, Amending and Supplementing Certain Acts, as amended.

**Benchmarks** means interest on the Bonds with a floating interest rate calculated by reference to one or several specific benchmark indices or swap rates; the reference rate is provided by the relevant administrator. The EURIBOR (the interbank interest reference rate in EUR) and other interest rate indices which are deemed to be benchmarks are the subject of regulatory supervision and recent national and international regulatory recommendations and proposals for reform.

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

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

**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** 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.

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

**Common Terms** mean the Common Terms as set forth in clause 7 of this 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** means the seventh day before the relevant Meeting.

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

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

**EEA** means the European Economic Area.

**ECB** means the European Central Bank.

**ESMA** means the European Securities and Markets Authority.

**EU Covered Bonds Directive** means Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision.

**EUR** or **euro** means the legal currency of the Slovak Republic.

**FATCA** means the U.S. Foreign Account Tax Compliance Act.

**Final Terms** mean the final terms prepared by the Issuer for an issue of the Bonds issued under the Programme.

**GDP** means gross domestic product.

**Holder** has the meaning given in clause 3.1 of the Terms and Conditions.

**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.

**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.

**Issue Date** means the date of issue of the Bonds.

**Issuer** means Prima banka Slovensko, a.s., with its registered seat at Hodžova 11, Žilina 010 11, Slovak Republic, Identification No.: 31 575 951, registered in the Commercial Register of the District Court Žilina, section: Sa, insert No.: 148/L.

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

**Meeting** means a meeting of the Holders of the Bonds in relation to an Issue.

**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** means Moody's Investors Service Ltd or any of its affiliates established and registered in the European Union pursuant to the CRA Regulation.

**MREL** means the regulatory concept of minimum requirements for eligible liabilities.

**NBS** means the National Bank of Slovakia.

**Payment Venue** means the registered seat of the Issuer and/or Administrator (if appointed) of the issue of the Bonds.

**Penta Financial Services Limited** means Penta Financial Services Limited, with its registered seat at Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registered in the Companies Register, maintained by the Ministry of Industry, Trade and Tourism, Company Registrar and Bankruptcy Administrator Department, Nicosia, registration number: HE158996.

**Penta Investments Limited Cyprus** means PENTA INVESTMENTS LIMITED, with its registered seat at Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registration number: HE428480.

**Person Entitled to Attend the Meeting** means any Holder who has been registered as the Holder of the Bonds pursuant to clause 3.1 of the Terms and Conditions, except for the Issuer itself and any person controlled by the Issuer.

**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.

**Principal Amount** means the principal amount of each of the Bonds.

**Proceedings** means any governmental, judicial or arbitration proceedings.

**Programme** means the covered bonds issuance programme of up to EUR 3,000,000,000 under this Prospectus.

**Prospectus** means this base prospectus dated [●] December 2022.

**Prospectus DR** 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.

**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.

**Qualified Investor** in any grammatical form shall have the meaning in the 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 EEA.

**Relevant Account** means the owner's account (in Slovak: *účet majiteľa*) maintained by the Central Depository or by a member of Central Depository; or in the internal records of a person for which Central Depository maintains a custody account (in Slovak: *držiteľský účet*) or similar account.

**Resolution Act** means Act No. 371/2014 Coll. on the resolution of crisis situations on the financial market, as amended, implementing BRRD and BRRD2 in the Slovak Republic.

**Securities Act** means Act No. 566/2001 Coll. on Securities and Investment Services, Amending and Supplementing Certain Acts.

**Substitute Reference Rate** has the meaning given in clause 6.7 of the Terms and Conditions.

**Substitute Screen Page** has the meaning given in clause 6.7 of the Terms and Conditions.

**Terms and Conditions** include Part A (Information about securities) of the Common Terms 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.

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

**Tax Resident** means a taxpayer with unlimited tax liability.

#### **ISSUER AND ARRANGER**

Prima banka Slovensko, a.s.  
Hodžova 11  
Žilina 010 11  
Slovak Republic

#### **ADMINISTRATOR**

Prima banka Slovensko, a.s.  
Hodžova 11  
Žilina 010 11  
Slovak Republic

#### **LUXEMBOURG LISTING AGENT**

Banque Internationale à Luxembourg SA  
69, Route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

#### **AUDITOR OF THE ISSUER**

Ernst & Young Slovakia, spol. s r.o.  
Žižkova 9  
811 02 Bratislava  
Slovak Republic