

**Official information  
of the Ministry of Finance  
dated 4 September 2015  
defining issuance terms and conditions of  
“Government Bond of the Czech Republic, 2015–2023, 0,45 %”**

*The following is a translation of the issuance terms and conditions. The issuance terms and conditions are in the Czech language and in the case of any inconsistency between the English translation and the Czech language version, the Czech language version shall prevail.*

The Czech Republic through the Ministry of Finance (hereinafter referred to as “the Ministry”) issues book-entered government bonds and determines their issuance terms and conditions in accordance with s. 26 of the Bonds Act, Act No. 190/2004 Coll. as amended (hereinafter referred to as “the Bonds Act”). These issuance terms set out the rights and obligations of the issuer and bondholders, as well as the information about the bond issue and the elements of the Government Bond of the Czech Republic, 2015–2023, 0,45 % (hereinafter referred to as “the Bond” or “the Bonds”):

1. Basic description of the Bonds:

Issuer: The Czech Republic – the Ministry of Finance

Name: Government Bond of the Czech Republic, 2015–2023, 0,45 %

Short name: ČR, 0,45 %, 23

Serial number of issue: 97

Face value: 10 000 CZK (in words: ten thousand Czech koruna)

Issue price: determined at auction

Form of Bond: book-entered security on bearer

Category of Bond: government Bond

Currency in which the Bonds are denominated: Czech koruna (CZK)

Beginning of the subscription period: 23 September 2015

Termination of the subscription period: 25 September 2023

Issue date: 25 September 2015

Maturity date: 25 October 2023

Interest: defined by fixed interest rate of 0,45 % p. a.

Day Count Convention: ACT/ACT (ICMA)

ISIN: CZ0001004600

Separated principal – ISIN CZ0000703418

Coupon No. 1 – ISIN: CZ0000703426

Coupon No. 2 – ISIN: CZ0000703434

Coupon No. 3 – ISIN: CZ0000703442

Coupon No. 4 – ISIN: CZ0000703459

Coupon No. 5 – ISIN: CZ0000703467

Coupon No. 6 – ISIN: CZ0000703475

Coupon No. 7 – ISIN: CZ0000703483

Coupon No. 8 – ISIN: CZ0000703491

2. The Bonds are issued based on special laws in accordance with s. 25 (2) of the Bonds Act.
3. The Bonds are book-entered securities. They are registered in the central record of book-entered securities maintained by the Central Depository of Securities (Centrální depozitář cenných papírů, a.s., having its registered office at Rybná 14, 110 05 Prague 1, Czech Republic, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 4308, ID No. 25081489, hereinafter referred to as the „Central Depository“) and persons authorized to maintain follow-up records in accordance with s. 92 (2) of the Capital Market Act, Act No. 256/2004 Coll. as amended. A person other than the Central Depository, which is authorized to maintain a record of book-entered securities, maintains the record of the Bonds based on the Issuer's decision.
4. The Bonds may be acquired by legal or natural persons having their seat or residence in the territory of the Czech Republic as well as abroad (hereinafter referred to as the “Investor” or “Investors”).
5. The right to interest payment has the person who is entitled to exercise the rights related to the Bond on 25 September starting as of 2016. The right to interest payment from the issue date (inclusive of this date) to 25 October 2016 (exclusive of this date) has the person who is entitled to exercise the rights related to the Bond on 25 September 2016. Transferability of the Bonds and granting a lien over the Bonds after 25 September 2023 are excluded.
6. The interest is defined by fixed interest rate of 0,45 % p. a. The interest is paid once a year, always on 25 October starting as of 2016. If the payment date falls on a date which is not a working day, the payment will be made on the next working day without the entitlement to the proceeds for the deferred payment.
7. The first interest period for the interest payment begins on 25 September 2015 (inclusive of this date) and ends on 25 October 2016 (exclusive of this date). Interest period is one year, from 25 October (inclusive of this date) of the respective year to 25 October (exclusive of this date) of the following year. The calculation of interest and accrued interest is carried out on the basis actual number of calendar days in the respective period and actual number of days in the respective year (standard ACT/ACT ICMA). Accrued interest is included in the Bond price from the issue date, or from the beginning of the respective interest period to the date of the calculation of accrued interest.
8. The issue of Bonds shall be issued within the subscription period gradually (in tranches).
9. The issue price of the respective tranche of Bond is determined by the price achieved at auction.

10. The Bonds shall be offered for subscription in the Czech Republic. The Bonds shall be offered for sale via the Czech National Bank pursuant to s. 26 (4) of the Bonds Act. Primary sale of the Bonds, method and place of the Bond subscription, method and time of delivery to individual subscribers and manner and place of payment of the issue price of the subscribed Bonds is governed by the Rules for the Primary Sale of Government Securities organized by the Czech National Bank published on the website of the Czech National Bank and the Ministry. Primary sale of the Bonds is carried out via auctions. The auction place is the Czech National Bank. Only the person specified by the Issuer (hereinafter referred to as the “Primary Dealer” or “Primary Dealers”) or the Issuer may participate in the auction. Other investors may participate in the auction indirectly through Primary Dealers or the Issuer. The Issuer is authorized to book securities on the issue date firstly on its asset account in accordance with s. 15 (4) of the Bonds Act, and to acquire the Bonds before the maturity date, including buy-backs of the Bonds at any time and any price, and under other conditions defined by the Ministry. The Bonds acquired by the Issuer before the maturity date, including the Bonds bought back by the Issuer, do not expire. It is at the Issuer’s discretion to keep the Bonds on its account, sell them or decide otherwise.
11. Primary sale of the first tranche shall be carried out by the method of American auction organized on 23 September 2015 by the Czech National Bank. The issuance and primary sale of further tranches shall be decided by the Issuer, as well as the respective auctions dates and methods. The announcement of the Bond auction is published on the website of the Ministry well in advance.
12. In accordance with s. 7 of the Bonds Act, the Bonds may be issued in smaller or larger total nominal value than the estimated total nominal value of the issue. The possible increase in the total nominal value of the issue is 50 000 000 000 CZK (in words: fifty billion Czech koruna).
13. The Bonds shall be redeemed at their nominal value on 25 October 2023. The interest of Bonds ends on this date. The nominal value of the Bond will be repaid together with the last interest payment to the person, who will be the owner of the Bonds on 25 September 2023. If the repayment date of the nominal value of the Bonds falls on a day which is not a working day, the repayment will be made on the next working day without the entitlement to the proceeds for the deferred payment.
14. The Issuer undertakes to ensure the interest payments and the repayment of the nominal value of the Bonds according to these issuance terms and conditions to persons who are by these issuance terms and conditions entitled to exercise the relevant rights related to the Bond exclusively in CZK or other currency, that will be the official currency of the Czech Republic on the respective payment date. The redemption and interest payment are ensured by the Czech National Bank and the Ministry. The nominal value of the Bonds will be

repaid and the interest of the Bonds will be paid by cashless transfer or in cash, according to the instructions of persons who are entitled to exercise the relevant rights related to the Bond on the date set by these issuance terms and conditions. The payment place is the Czech National Bank, which shall publish the method of repayment of the nominal value and the interest payment.

15. Valid rating of long-term obligations denominated in CZK on the date of defining these issuance terms and conditions is at AA level by Standard & Poor's, at A1 level by Moody's and at AA- by Fitch Ratings.
16. The Bonds are direct, unconditional and unsubordinated obligations of the Czech Republic, which are at the same level as all other existing and future direct, unconditional and unsubordinated obligations of the Czech Republic.
17. All rights related to the Bond and Coupons are subject to limitation of ten years from the date on which they could be exercised first pursuant to s. 42 of the Bonds Act.
18. The Ministry announces these issuance terms and conditions in the Collection of Laws. The estimated total nominal value of the issue of Bonds is published in the Czech language together with these issuance terms and conditions on the website of the Ministry, in the section where information on issued government Bonds is published. All other announcements to the bondholders and to the public regarding the Bonds are published in the same manner.
19. These issuance terms and conditions may be translated into foreign languages. In case of any discrepancy between various language versions of issuance terms and conditions, the Czech version shall prevail.
20. The Bonds are issued and the interest is taxed according to the laws of the Czech Republic. The rights and the obligations following from there issuance terms and conditions and the rights and the obligations related to the Bond issued on the basis of these issuance terms and conditions are governed and interpreted by the laws of the Czech Republic, without regard to conflicts of laws provisions thereof.

Minister of Finance

Ing. Andrej Babiš