

**Official information
of the Ministry of Finance
dated February 2019
defining issuance terms and conditions of
“Government EUR-Bond of the Czech Republic, 2019–2021, 0.00%“**

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 and conditions 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 EUR-Bond of the Czech Republic, 2019–2021, 0.00% (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 EUR-Bond of the Czech Republic, 2019–2021, 0.00 %

Short name: ČR, 0.00%, 21

Serial number of issue: 109

Face value: EUR 1,000 (in words: one thousand euro)

Form of Bond: book-entered security on bearer

Category of Bond: government Bond

Currency in which the Bonds are denominated: the euro (EUR)

Beginning of the subscription period: 20 February 2019

Termination of the subscription period: 21 July 2021

Issue date: 22 February 2019

Maturity date: 20 August 2021

Interest: defined by fixed interest rate of 0.00% p. a.

Day Count Convention: ACT/ACT (ICMA)

ISIN: CZ0001005706

2. The Bonds are issued based on other 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 Securities Depository (Centrální

depozitář cenných papírů, a.s.), having its registered seat 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“) in accordance with the Czech law and with the s. 92 (1) 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 subscribed and 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. Transferability of the Bonds and granting a lien over the Bonds after 21 July 2021 are excluded.
6. In accordance with s. 6 (1) (e) of the Bonds Act, the Bond bears no interest. Separation of the right to interest payment from the Bond is excluded.
7. For the purpose of any calculation related to the Bonds issued on the basis of these issuance terms and conditions, day count convention is based on actual number of calendar days in the respective period and actual number of days in the respective year [standard ACT/ACT (ICMA)].
8. The issue of Bonds may 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. In case of the issue by means of booking on the Issuer’s asset account the issue price is determined as 100% of the face value.
10. The Bonds shall be publically offered for subscription in the Czech Republic. The Bonds shall be sold on primary market 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 Investors 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 (hereinafter referred to as “the Auction Rules”) 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 or the Issuer may participate in the auction. Other investors may participate in the auction indirectly through the person specified by the Issuer 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 through the auction organized on 20 February 2019 by the Czech National Bank in accordance with the Auction Rules. The issuance and primary sale of further tranches shall be decided by the Issuer, as well as the respective auctions dates and methods in accordance with the Auction Rules. The announcement of the Bond auction and the auction method 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 EUR 2,000,000,000 (in words: two billion euro).
13. The Bonds shall be redeemed at their nominal value on 20 August 2021. The nominal value of the Bond shall be repaid to the person, who will be the owner of the Bonds on 21 July 2021. If the repayment date of the nominal value of the Bonds falls on a day which is not a working day, the repayment shall be made on the next working day without the entitlement to the proceeds for the deferred payment.
14. The Issuer undertakes to ensure the repayment of the nominal value of the Bonds according to these issuance terms and conditions to persons who are on the date set by these issuance terms and conditions entitled to exercise the relevant rights related to the Bond exclusively in EUR. The repayment is ensured by the Czech National Bank and the Ministry. The nominal value of the Bonds shall be repaid by cashless transfer, 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.
15. Valid rating of long-term obligations denominated in foreign currencies on the date of defining these issuance terms and conditions is at AA- level by Standard & Poor's, at A1 level by Moody's, at AA- level by Fitch Ratings, at AA- level by Japan Credit Rating Agency, at AA- level by R&I, at AA level by Scope Ratings and at A+ level by Dagong Global Credit Rating.
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. The right related to the Bonds is subject to limitation of time pursuant to law regulation applicable at the time on which the right could be exercised first.
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 in accordance to the Czech law and the interest is taxed in accordance to the laws of the Czech Republic. The rights and the obligations following from these 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
Alena Schillerová