

ČESKÁ EXPORTNÍ BANKA
C Z E C H E X P O R T B A N K

Investor Presentation – May 2023

Disclaimer

THIS MATERIAL IS NOT, AND DOES NOT CONSTITUTE OR FORM PART OF, AN OFFER TO SELL, OR AS AN INVITATION OR INDUCEMENT TO MAKE, OR A SOLICITATION OF, ANY OFFER TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR.

The material contained in this document has been prepared by the Issuer and has not been independently verified. This document and its contents are confidential and may not be reproduced, redistributed, published or passed on to any other person, directly or indirectly, in whole or in part, for any purpose. If this document has been received in error it must be returned immediately to the Issuer.

This material is not intended to be a prospectus in connection with an offer of securities. Any offer of securities would only be made pursuant to a formal prospectus and any investment decision with respect to any securities should be made solely upon the basis of the information contained in the formal prospectus relating to such securities. No part of this material, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No representation or warranty, either express or implied, is given or made by any person in relation to the fairness, accuracy, completeness or reliability of the information or any opinions contained herein and no reliance whatsoever should be placed on such information or opinions. None of the Issuer, the Guarantor, their advisers, connected persons or any other person accepts any liability for any loss howsoever arising, directly or indirectly, from this material. Any opinions expressed in this material are subject to change without notice and none of the Issuer, the Guarantor or any other person is under any obligation to update or keep current the information contained herein.

This material should not be regarded by recipients as a substitute for the exercise of their own judgement and assessment. Any investors or prospective investors are required to make their own independent investigation and appraisal of the business, financial condition and prospects of the Issuer and the Guarantor and the nature of any relevant securities and no reliance may be placed upon the information herein for such purposes. Recipients should consult with their own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that they deem it necessary, and make their own investment, hedging and trading decisions based upon their own investigation and judgement and advice from such advisers as they deem necessary and not upon any view expressed in this material.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

THIS DOCUMENT IS NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, INTO THE UNITED STATES. Nothing in this document and the information contained herein constitutes an offer of securities for sale in the United States. The securities may not be offered or sold, directly or indirectly, in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Issuer has not and does not intend to register any portion of the offering in the United States or to conduct a public offering of any securities that may be described herein in the United States.

Any failure to comply with this restriction may constitute a violation of United States securities law. Accordingly, each person viewing this document will be deemed to have represented that it is not a U.S. person within the meaning of Reg S of the Securities Act.

The communication of this document as a financial promotion is directly solely to those persons falling within Article 12, Article 19(5) or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended, or to other persons to whom this document may otherwise be distributed without contravention of section 21 of the Financial Services and Markets Act 2000, or any person to whom it may otherwise lawfully be made. This communication is being directed only at persons having professional experience in matters relating to investments and any investment or investment activity to which this communication relates will be engaged in only with such persons. No other person should rely on it. This document is not for distribution to retail customers.

This document is not for publication, release or distribution in, nor does it constitute an offer of securities in, Canada, Australia or any other jurisdiction where it would be unlawful to do so.

NO ACTION HAS BEEN MADE OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF ANY SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH ACTION FOR THAT PURPOSE IS REQUIRED. NO OFFERS, SALES, REALES OR DELIVERY OF ANY SECURITIES DESCRIBED HEREIN OR DISTRIBUTION OF ANY OFFERING MATERIAL RELATING TO ANY SUCH SECURITIES MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. THIS DOCUMENT DOES NOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ISSUES RELATED TO AN INVESTMENT IN THE SECURITIES/TRANSACTION. PRIOR TO TRANSACTING, POTENTIAL INVESTORS SHOULD ENSURE THAT THEY FULLY UNDERSTAND THE TERMS OF THE SECURITIES/TRANSACTION AND ANY APPLICABLE RISKS.

This presentation contains certain tables and other statistical information and analyses (the "Statistical Information") which have been prepared in reliance upon information furnished by the Issuer. Numerous assumptions were used in preparing the Statistical Information, which may or may not be reflected herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context; nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice.

This presentation may include "forward-looking statements". Such statements contain the words "anticipate", "believe", "intend", "estimate", "expect", "will", "may", "project", "plan" and words of similar meaning. All statements included in this presentation other than statements of historical facts, including, without limitation, those regarding financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the relevant future business environment. These forward-looking statements speak only as of the date of this presentation and the Issuer expressly disclaims to the fullest extent permitted by law any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in the foregoing is intended to or shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

You may not retain a copy of this material. By reviewing this material you acknowledge and agree to be bound by the foregoing.

CEB at a Glance - Key Pillar of the Export Support Framework

Credit Overview

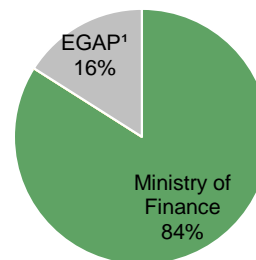
- ❑ Czech Export Bank, a.s. (“CEB”) is a specialized banking institution providing financing of export credits
- ❑ Set up in 1995 as one of the pillars of the government's pro-export policy system
- ❑ Profit-making is not the bank's primary goal, the key mission is to maximize volume and number of Czech exports
- ❑ Supervisory board nominated by government
- ❑ Recipient of state budget subsidies to cover possible losses incurred from export financing activities
- ❑ Utilizing standard insurance cover via the state export insurance company EGAP¹
- ❑ Lending criteria follow the standards set by the WTO, also operates in line with the rules of OECD Arrangement on Officially Supported Export Credits
- ❑ Supplements the services offered by the domestic banking system and fully subject to the standard banking regulation
- ❑ Gradually is included under State Treasury, where CEB is placing free funds. Prospectively CEB should be funded from State Treasury.
- ❑ Rating on par with the Czech government credit rating: S&P AA- (Stable)

¹ EGAP = *Exportní garanční a pojišťovací společnost (Export Guarantee and Insurance Corporation)*, 100% state owned.

100% State-Owned and Guaranteed

“The payment of the principal and interest and all other amounts due under the Notes has been unconditionally and irrevocably guaranteed by the Guarantor (“the Czech Republic”) by virtue of the Guarantee.”

As per EUR 1.5 bn EMTN Prospectus, dated 24 May 2023



CEB's Ownership structure

By law, at least two-thirds of CEB equity shares must be directly owned by the state

Financial Highlights (EUR eq.)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total assets, EUR bn	1,35	1,45	1,67
Loan portfolio, EUR bn	0,66	0,92	1,17
Net profit, EUR mn	26,54	14,39	6,23
Capital adequacy ratio, %	131,92	142,90	106,90
Return on equity, %	8,44	4,92	2,23

Source: CEB 2022 IFRS accounts
FX rates as of the respective periods



➤ **Czech Republic Economy**

Czech Export Bank – Overview

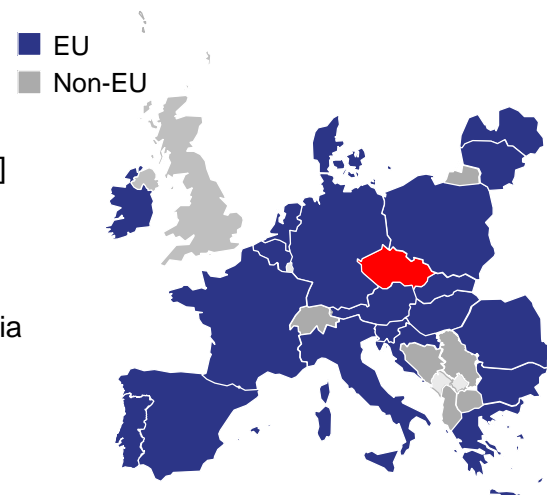
Czech Export Bank – Financial Highlights



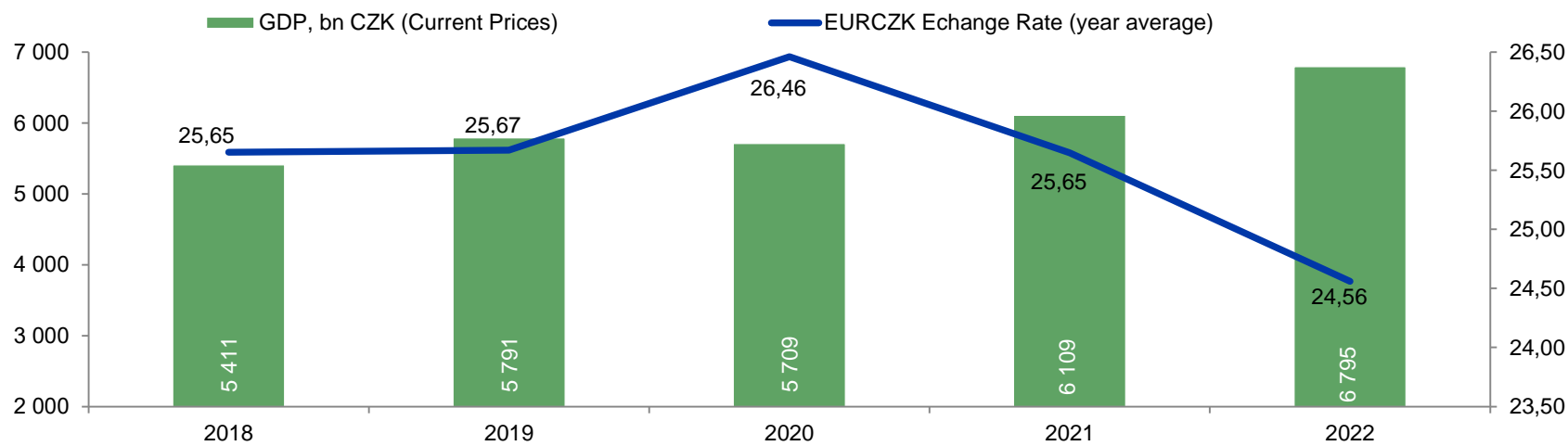
Czech Republic

Key Facts

- **Land territory:** 78,870 sq. km
- **Population:** 10.6 million
- **Credit ratings:** Moody's Aa3 [neg] / S&P AA- [sta]
Fitch AA- [neg]
- **Capital:** Prague
- **Borders with EU:** Poland, Slovakia, Germany, Austria
- **Political system:** Parliamentary democracy
- **Currency:** Czech koruna (CZK)
- **Member of the European Union:** Since 2004



GDP and Czech koruna development



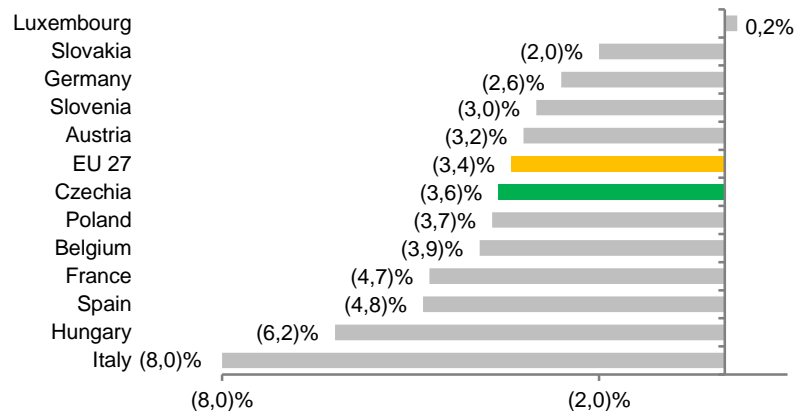
Source: CZSO, April 2023, Czech National Bank

The Czech Republic, a Resilient Economy

Developed economy on path to full convergence with the euro area

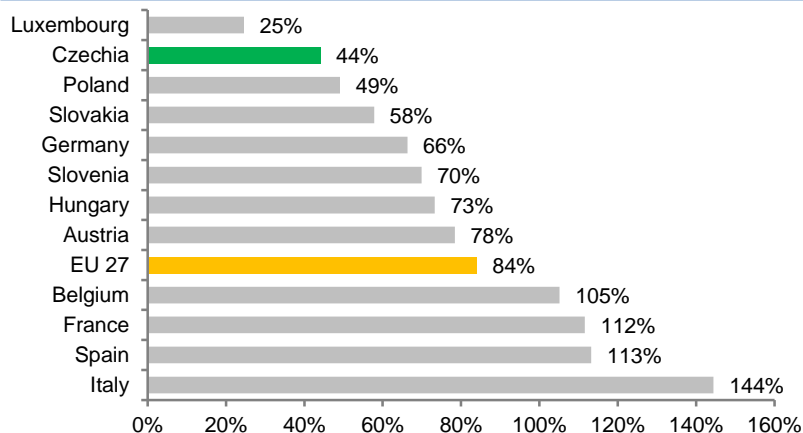
- ❑ Strong economic position vs. peers
- ❑ Developed and diversified economy
 - Strong manufacturing and export base and increasingly competitive services sector (in terms of productivity)
- ❑ Low budget deficit compared to EU average
- ❑ Low public debt compared to EU average

General Government Deficit (% of GDP, 2022)



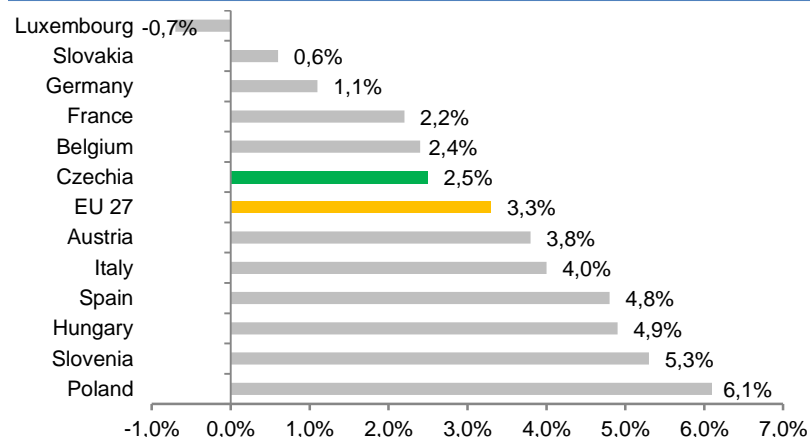
Source: Eurostat, as of EOY 2022 (last update April 2023)

General Government Gross Debt (% of GDP, 2022)



Source: Eurostat, as of EYO 2022 (last update April 2023)

Real GDP per capita growth (% , 2022)



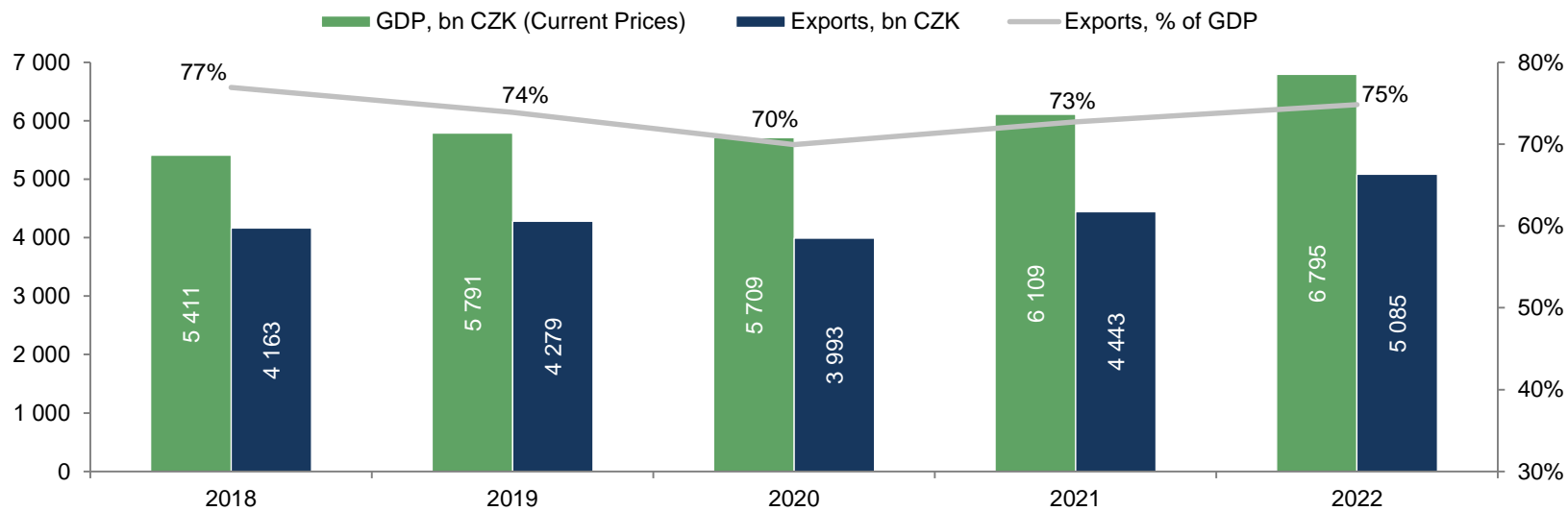
Source: Eurostat, as of EOY 2022 - % change on previous period (last update April 2023)

Exports - the Long-Term Driver of the Czech Economic Growth

- ❑ EU countries remain the main export destinations (81,6% of total exports), with Germany being a leading destination (32,8% of total exports)
- ❑ Czech government main goal is to diversify export target countries, increase number of exporters and volume of export per capita
- ❑ CEB is the main government vehicle for supporting exports to target countries
 - CEB operates as an “anti-cyclical” tool for mitigation of economic cycles
 - CEB is complementary to commercial banks

Source: CZSO, April 2023

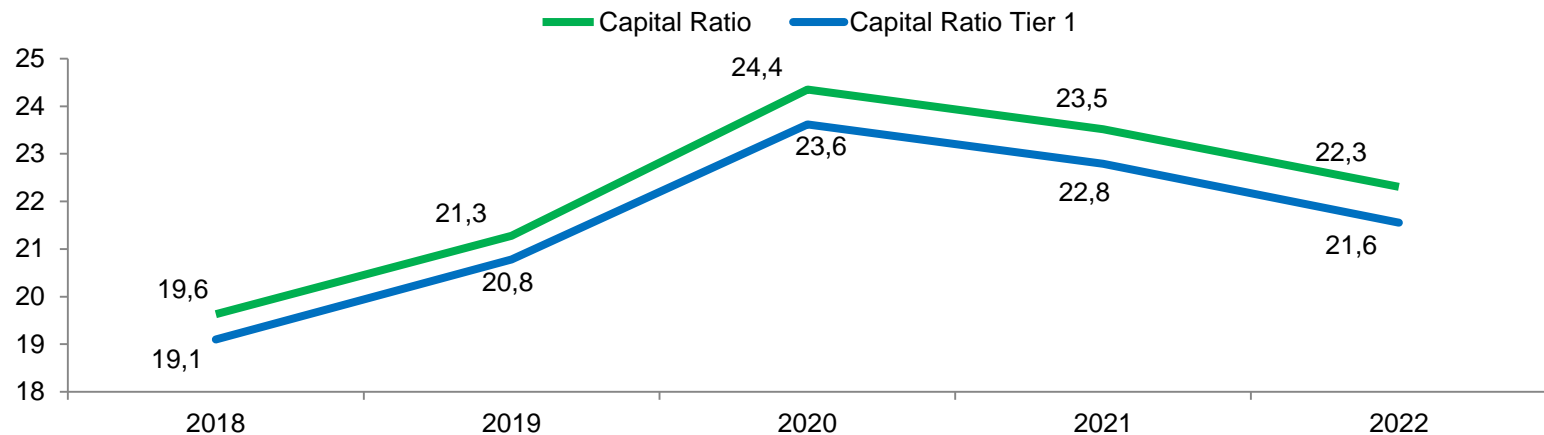
Exports as a % of GDP



Source: CZSO, ČNB, April 2023

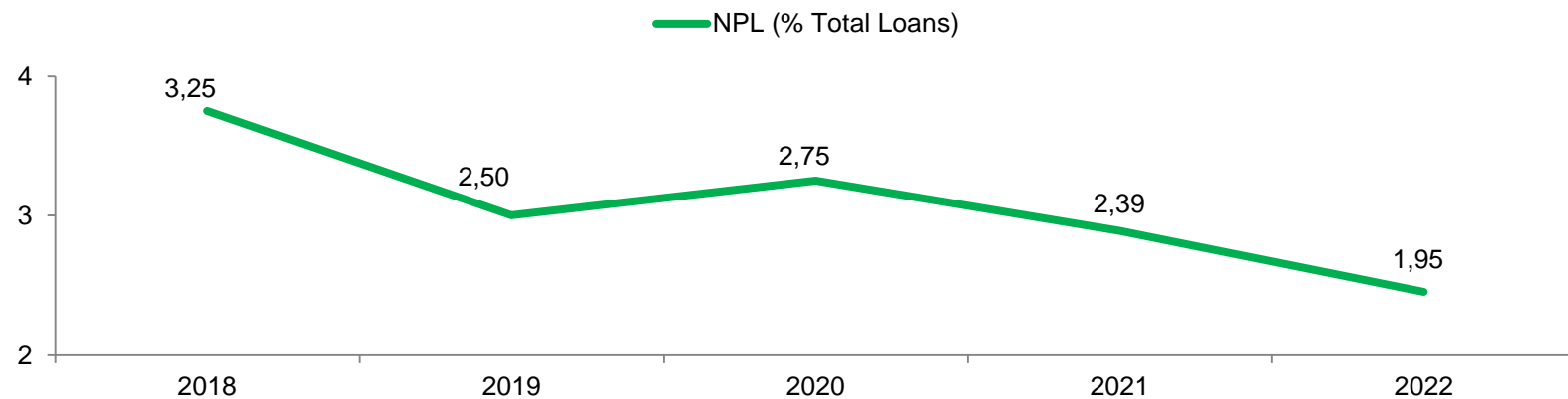
Strong Banking Sector

Overall Capital Ratio (%)



Source: Czech National Bank, April 2023

Total NPLs (%)



Source: Czech National Bank, April 2023

Czech Republic Economy

➤ **Czech Export Bank - Overview**

Czech Export Bank – Financial Highlights



Credit Highlights

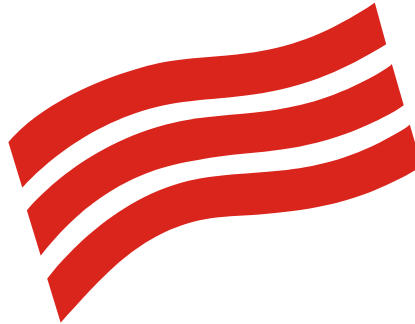
Czech Export Bank is an integral part of the economic development in the Czech Republic

Explicit government guarantee on repayment of all capital markets financing as well as all other CEB obligations arising from its operations

100% state owned and state-supported export credit agency

Strong and solid rating, on par with the sovereign
AA- stable

High level of economic and regulatory capitalization—
CET1 at **131,92%**¹



Dominant provider of long term government-supported financing of exports

State subsidies cover possible losses from export financing activities

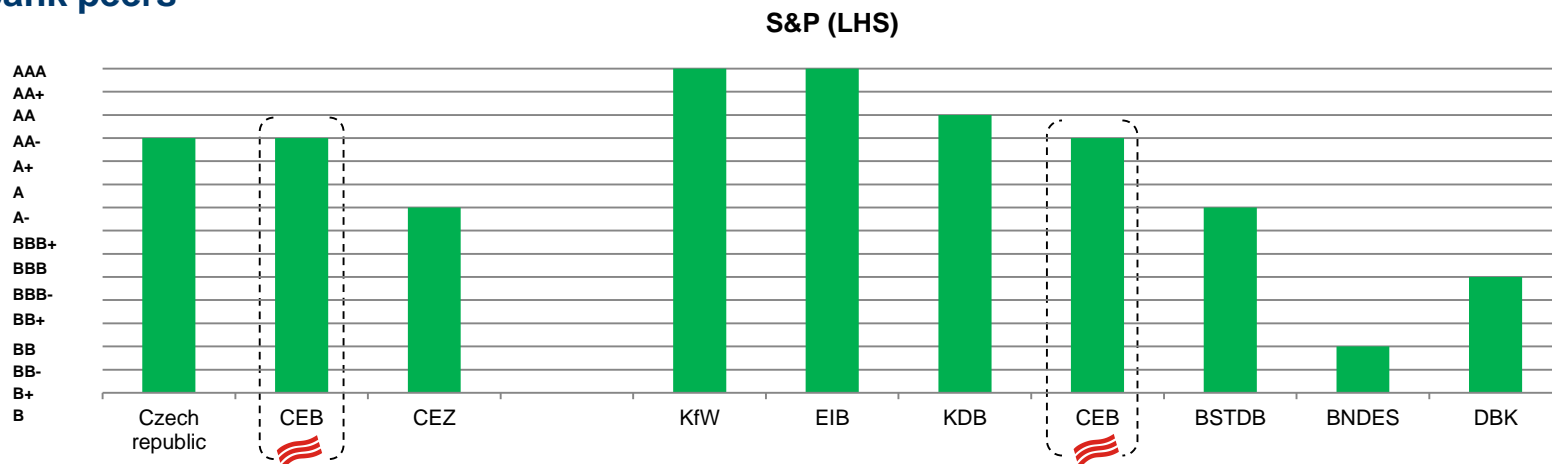
CEB is a key pillar in the pro-export policy of the Czech Republic

Typically export credits are insured by the EGAP (political and commercial risk insurance)

¹ CEB 2022 IFRS audited accounts

Credit Rating and Strengths

The highest rated credit in the Czech Republic with a strong standing among international bank peers



Rating: AA-
Outlook: stable

Rating support

- ❑ *“Critical role in supporting Czech exports in instances when the private sector cannot provide financing, e.g., to countries with higher political and economic risk, and for specific sectors, where commercial banks do not provide financing.”*
- ❑ *„Integral link with the Czech government, which ultimately owns 100% of CEB. The government has shown a continuous track record of financial support in the past. The sovereign unconditionally and irrevocably guarantees CEB's liabilities, as explicitly outlined in the law.”*
- ❑ *„We equalize our ratings on “CEB with those on the Czech Republic, reflecting our opinion that there is an almost certain likelihood that the Czech government will provide timely and sufficient extraordinary support to CEB in case of distress.”*

Outlook

Note: Excerpts taken from the September 29, 2020 ratings report

Promoted via the State Export Support Strategy

Pro-export strategy based on promoting Czech Republic in the world through trade and investment

Key Objectives:

- ❑ Increased capacity for export
 - Funding
- ❑ Providing professional and efficient services
 - Increase in exports of services, exports and investment acquisitions, export alliances
- ❑ Improvement and expansion of service quality
 - Customer service centres, improving information network for exports
- ❑ More opportunities for entrepreneurs
 - Trade liberalisation, territorial priorities, branding

Main Strategy Pillars

➔ State regulation of export—Act No. 58/1995 Coll—Insurance and Financing of Exports with State Support¹



Czech Export Bank

- ❑ State owned bank, financing export credits and providing services connected with export



EGAP

- ❑ State owned insurance company, insuring export credit risks, mainly political and commercial



CzechTrade

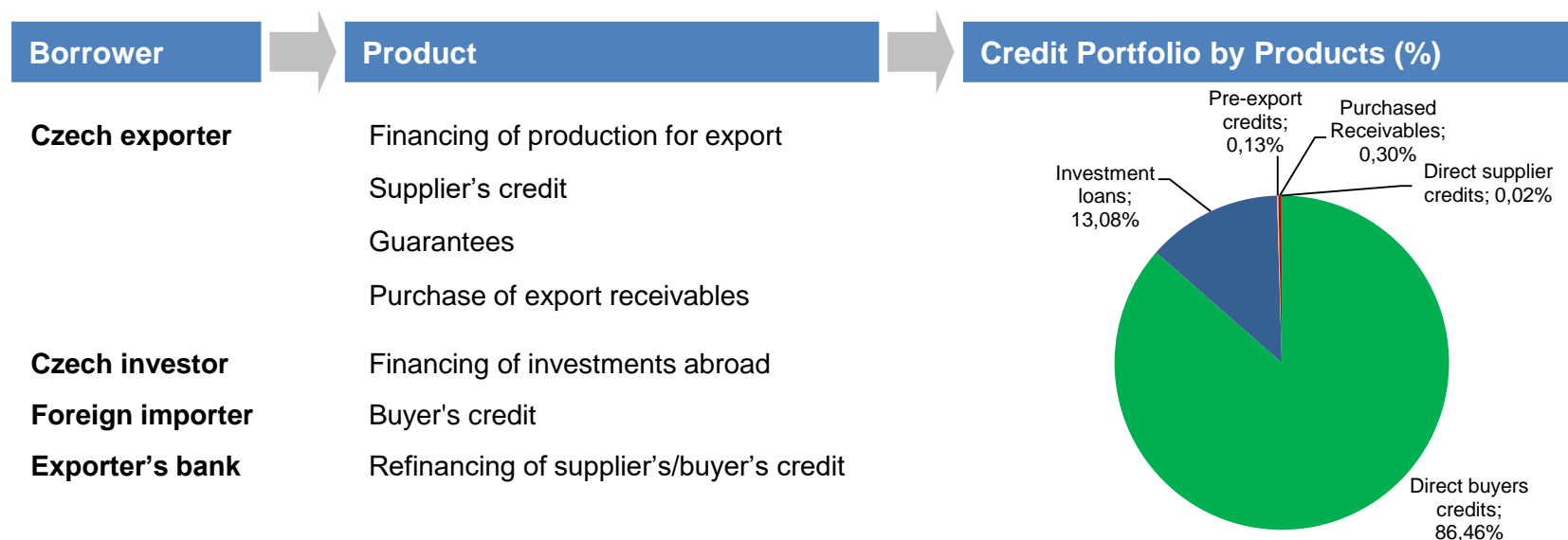
- ❑ An official contact partner for foreign companies looking for qualified Czech-based suppliers of products, providers of services and for investors

¹ Last amended as of 3 November 2022

Main Activities of CEB

Mission

Providing Czech exporters with state-guaranteed financing according to OECD Arrangement on Officially Supported Export Credits that will enable them to compete on international markets. CEB pursues its aim by offering a variety of export financing products, namely:



Source: CEB 2022 IFRS audited accounts



Typically export credits are insured by the EGAP

- ❑ CEB's activities are closely related to those of EGAP's export insurance
- ❑ EGAP assumes responsibility for the political and commercial risk by insurance of a particular transaction
- ❑ Remaining risk is covered by collateral (cash, guarantee, security)

Legislative Export Support by the State

Act No. 58/1995 Coll.¹ regulates the state support of exports provided in the form of export credit risk insurance, officially supported financing and interest make-up

The State Act on Insurance and Financing of Exports with State Support



Nature of the Guarantee

- ❑ **Ownership (Section 6(1))**
 - The provision of officially supported financing is assigned to the Export Bank
 - For the provision of officially supported financing at least two thirds of the shares of the Export Bank are required to be owned by the State²
- ❑ **Use of profits (Section 6(1)(a))**
 - Provision on preferential use of profits for supplementing funds necessary to support the activities of the Export Bank
- ❑ **State subsidy (Section 6(4))**
 - Losses of the Export Bank, resulting from the provision of officially supported financing, shall be subsidized from the State budget
- ❑ **State guarantee (Section 8(1)(c))**
 - The State guarantees the obligations of the Export Bank for the repayment of financial resources obtained by the Export Bank and for obligations from other transactions of the Export Bank on the financial markets
- ❑ **Irrevocable & unconditional**
- ❑ **Automatic (no further documents required)**
- ❑ **Confirmation of the guarantee (can be issued by the Ministry of Finance)**
- ❑ **No sovereign immunity of the Guarantor**
- ❑ **What is guaranteed?**
 - Any obligations to repay funds
 - Obligations from any financial markets transactions
 - Bonds/notes

¹ Last amended as of 3 November 2022

² Nowadays 84% of all shares, remaining 16% being held by EGAP (also 100% state-owned)



Czech Republic Economy

Czech Export Bank - Overview

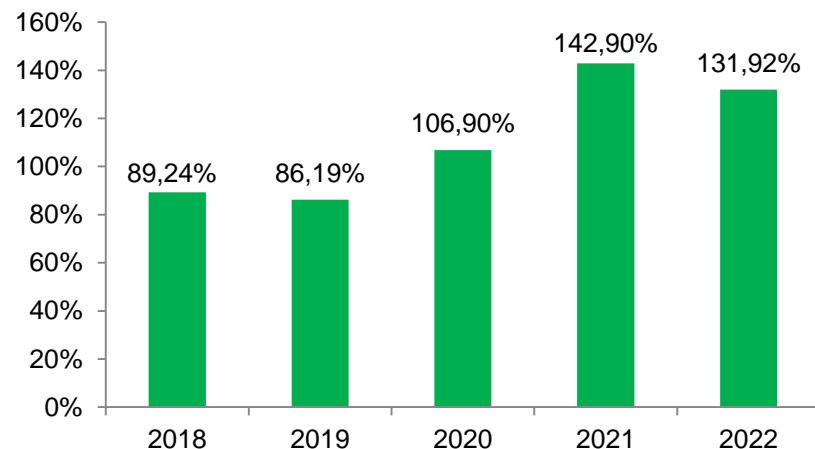
➤ **Czech Export Bank – Financial Highlights**

Robust Financial and Liquidity Profile

- ❑ In line with its public mandate, 49 % of CEB's total balance-sheet assets were loans provided to support Czech exporters
- ❑ CEB manages its liquidity profile in accordance with CRD IV and guidelines set out by the Czech National Bank
- ❑ Very strong capitalization at 131,92 %¹ mainly due to insurance by EGAP

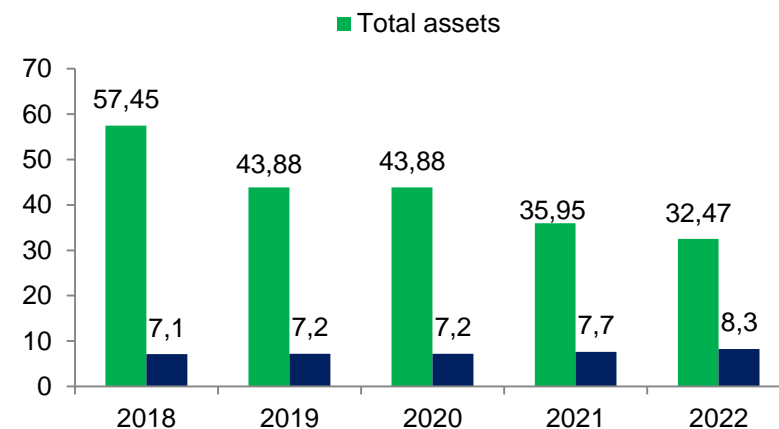
¹ Source: CEB 2022 IFRS audited accounts

Capital Adequacy Ratio (%)



Source: CEB 2022 IFRS audited accounts

Total Assets and Equity (CZK bn)

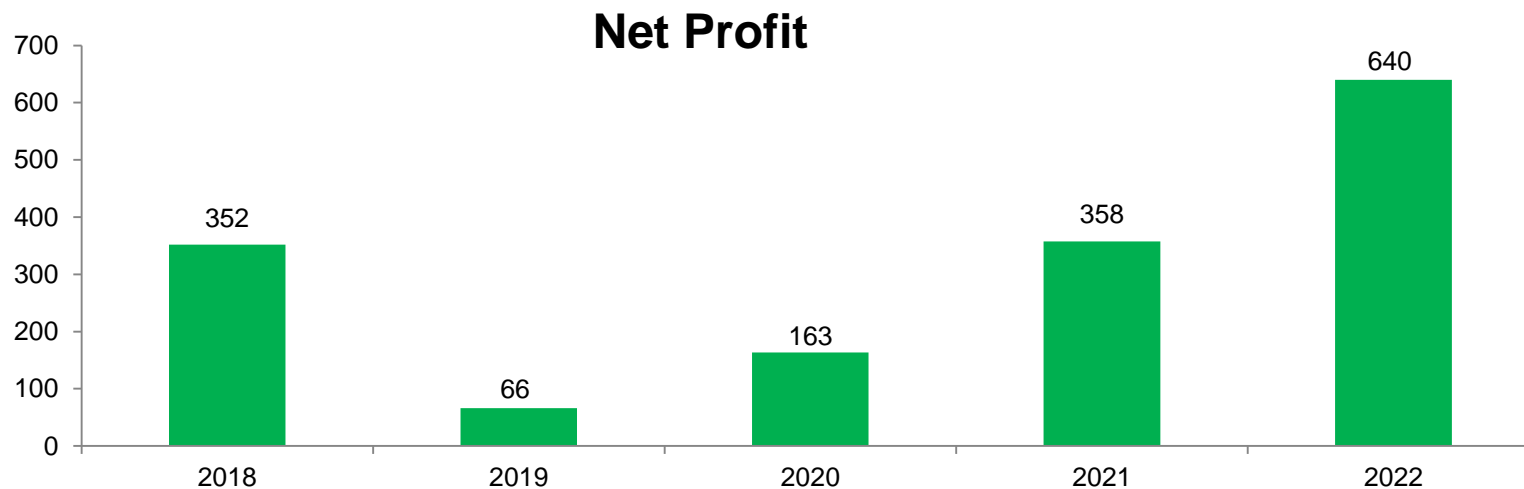


Source: CEB 2022 IFRS audited accounts

Profitability Development

- ❑ Profit-making is not the bank's primary goal as CEB's purpose is to provide the support for Czech exporters and investors abroad
- ❑ Main goals for Asset Liability Management
 - Predictable, stable income statement
 - Positive net interest income
- ❑ No state subsidy was provided since 2016
- ❑ Exceptional conditions on the financial markets motivate clients to prepaying loans, which leads to decrease of loan portfolio and to increase of profits

Net profit (CZK mil.)



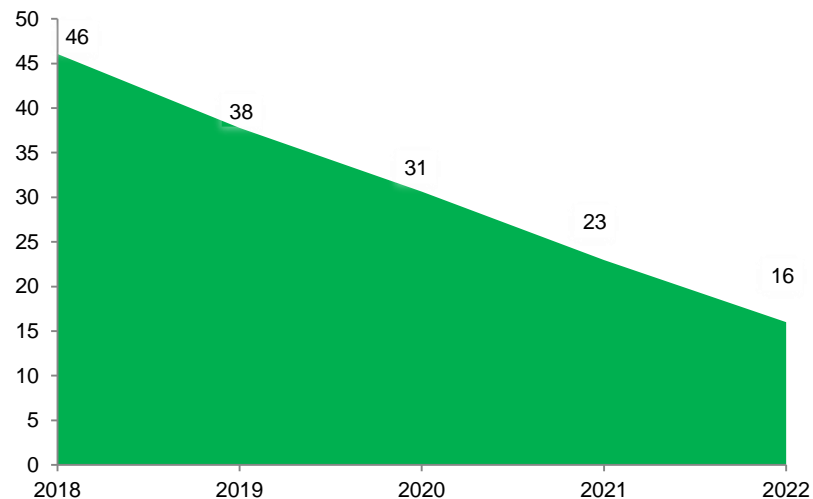
Source: CEB 2022 IFRS audited accounts

Loan Portfolio Dynamics

CEB's mandate to support Czech exports drives portfolio growth

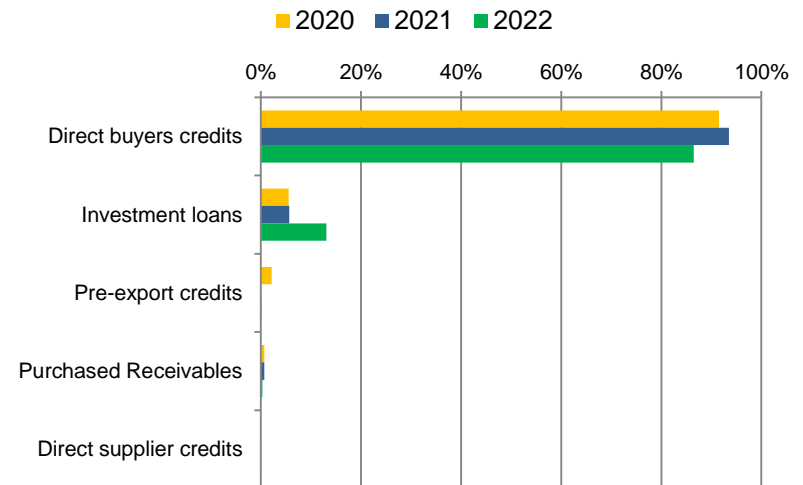
- ❑ Improving credit market conditions has led to greater involvement of commercial banks and consequently decline in CEB loan portfolio size in recent years
- ❑ Export credits exclusively in EUR and USD, combined representing 100 % of the total loan portfolio
- ❑ In form of direct buyers credits (86,5%) and Investment loans (13,1%)

Loan Portfolio Evolution (CZK bn)



Source: CEB 2022 IFRS audited accounts

Type of Loans (% share of total Loan Portfolio)

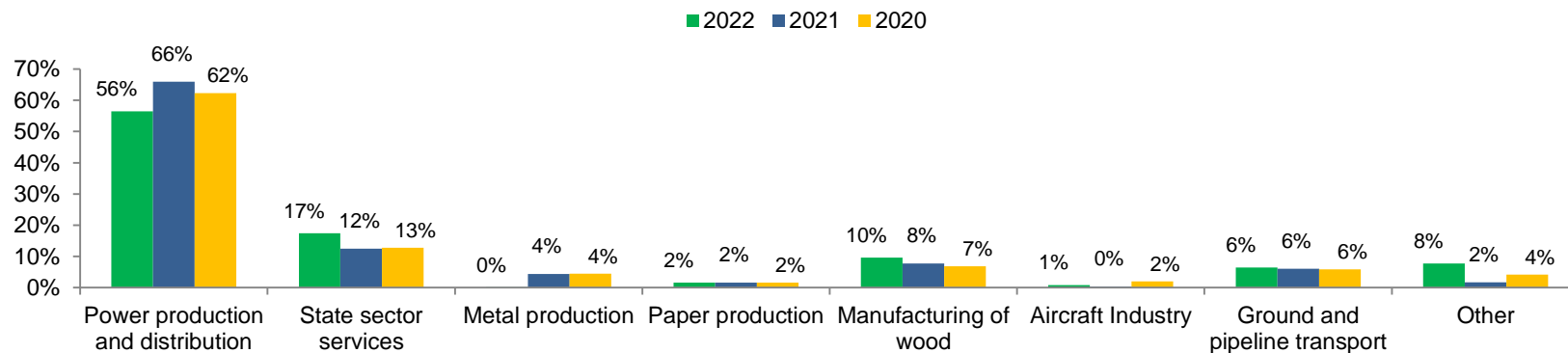


Source: CEB 2022 IFRS audited accounts

Loan Portfolio Composition by Industry Sector and Region

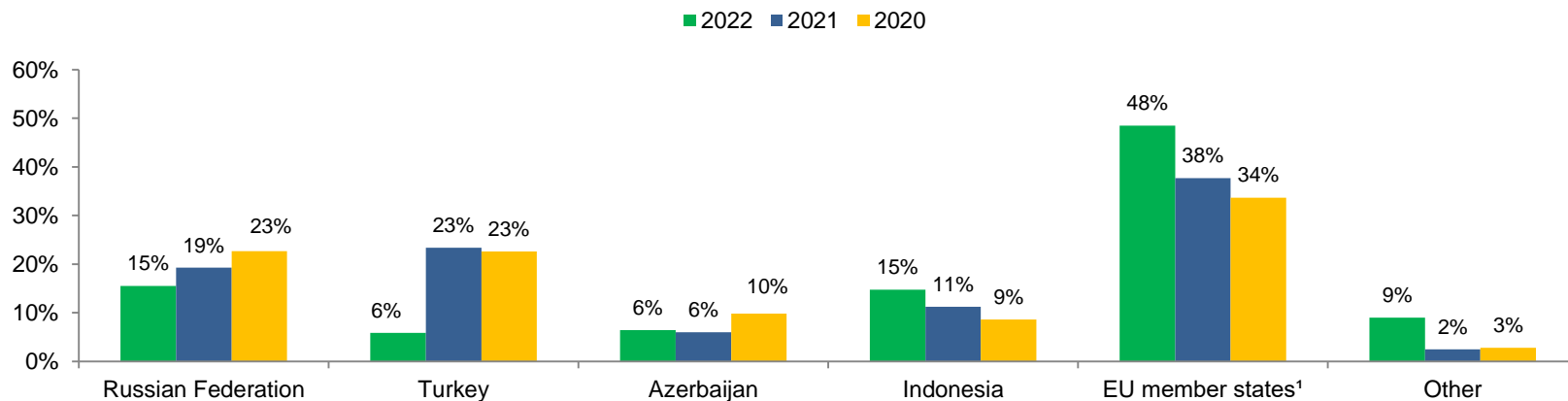
Portfolio Breakdown by Industry

Industry structure of loans (by debtor's scope of work)



Credit portfolio across regions

Geographic structure of loans (country of destination)



Source: CEB 2022 IFRS audited accounts

¹ Other EU member states (excl. Czech Republic)

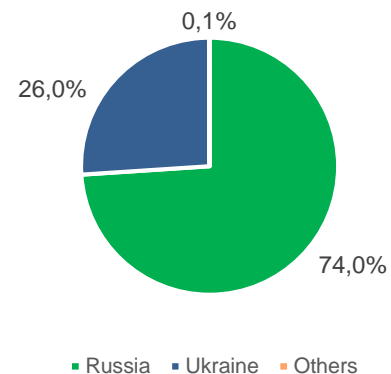
Credit Risk Management

□ Prudent risk policies (implemented in 2014) have led to:

- A. restructuring of old loans portfolio,
 - B. preventing concentration risk
 - C. setting of new risk rules,
- A. Restructuring portfolio
- restructuring of viable NPLs
 - fully write-off of unenforceable assets
 - successful recovery of enforceable assets
 - covered exposure transfer to EGAP
- B. Concentration risk
- prevention by maximal exposure in transaction, deals clubbing
- C. Risk rules
- focus on credit quality assessment, classification risky exposure at earlier stages

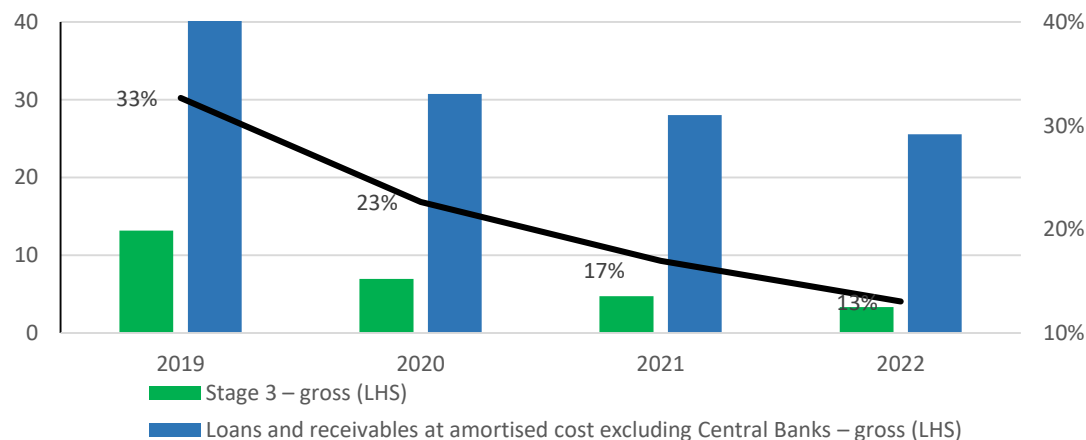
Loans in Stage 3 by region (%)

Breakdown Stage 3 loans by region



Source: CEB 2022 IFRS audited accounts

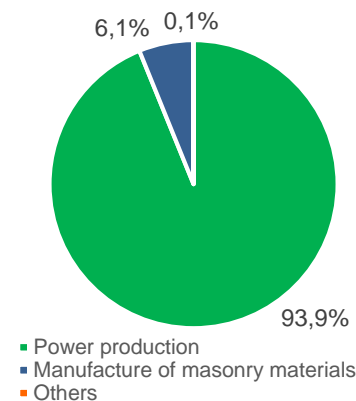
Loans in Stage 3 vs Loans and receivables – gross (CZK bn)



Source: CEB 2022 IFRS audited accounts

Loans in Stage 3 by industry (%)

Breakdown Stage 3 loans by industry



Source: CEB 2022 IFRS audited accounts

Debt Management Policy and Funding Strategy

Prudent Asset, Liability and Risk Management

☐ **Matched maturity debt profile**

- High percentage of long-term debt and low refinancing risk

☐ **Minimal credit risk**

- Loan portfolio insured by EGAP (zero risk weight assets)
- Derivatives under ISDA and CSA agreements

☐ **No currency risk**

- Assets funded with same currency liabilities

☐ **Minimal interest rate risk**

- Rigorous risk management
- Interest rate bases of assets and liabilities closely matched

☐ **Derivatives for hedging purposes only**

- No speculative trading

Debt Management Policy and Funding Strategy

☐ **Focus on diversification of funding sources**

- Aim to broaden investor base both geographically and by type
- Issuer in EMTN market (48 bonds issued, currently 7¹ bonds outstanding, EUR 640 mn from EUR 4 bn framework)
- Prepared Schuldscheindarlehen (SSD) programme documentation

- ### ☐ **ECP programme** for more effective liquidity risk management, providing short term investor an opportunity to invest

☐ **Wholesale funding is an important source of funding**

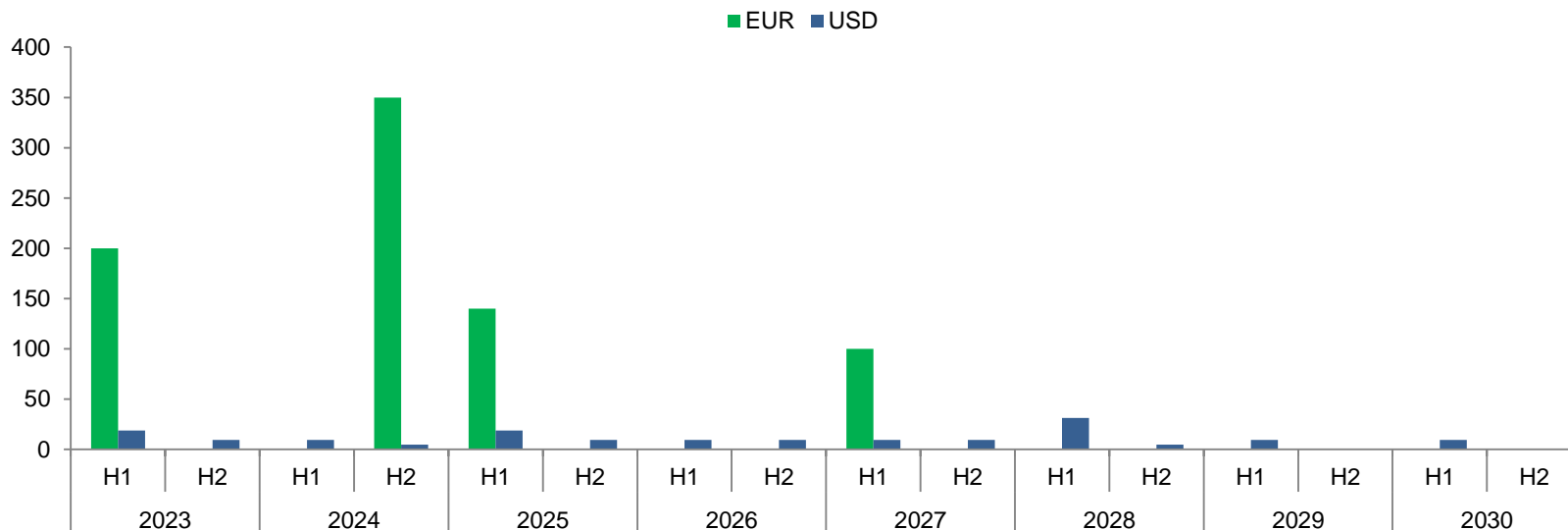
- Main funding sources include EMTN Programme, ECP Programme, bilateral, club and syndicated loans

¹ As of 31 December 2022

CEB's Debt Maturity Profile – Bonds and Loans

Well managed redemption profile with low refinancing risk

CEB's Redemption Profile (EUR mn eq.)



Source: CEB accounts as of 31 December 2022

Funding strategy
and debt
management

- ❑ Focus on midterm or longer-dated issuance
- ❑ Issuance tenor closely matching the tenor of extended loans
- ❑ EUR remains the core funding currency, followed by USD
- ❑ Most assets are EUR denominated

Withholding tax on eurobonds issued by Czech export bank

- ❑ Investors (beneficial owners) will be required to provide certain tax-related information pursuant to the Global Tax Procedures to be eligible to claim any tax relief
- ❑ In the case of the tax-related information not being delivered by the investors pursuant to the Global Tax Procedures, the Issuer will withhold (a) 35% withholding tax from any payment of interest on the Notes and (b) if the Notes are issued at a price lower than its principal amount (i.e. below par), 1% tax security from any payment of principal the Notes and there will be no gross-up obligation of the Issuer
- ❑ Investors to whom the payments of interest and/or principal in respect of the Notes have been made net of any withholding tax or tax security will have the possibility to utilize a quick-refund procedure (ICSDs-assisted procedure) pursuant to the Global Tax Procedures and a standard refund procedure (direct communication with issuer without the assistance of the ICSDs)
- ❑ Described in more detail in the Alleviated Base Prospectus (see chapters Important Information, Terms and Conditions and Taxation)
- ❑ ICMSA Bulletin 220629/61 - Global Tax Procedures – Tax Relief at source and refund Procedures for the Czech Republic to be applied (available here: <https://icmsa.org/publication/icmsa-bulletin-220629-61-global-tax-procedures-tax-relief-at-source-and-refund-procedures-for-the-czech-republic/>)

Thank you for your attention

Czech Export Bank

Vodičkova 34, P. O. Box 870

111 21 Prague 1

Czech Republic

www.ceb.cz

Fax: +420 224 218 111



David Franta

Director of Treasury and Funding

Tel.: +420 222 843 206; david.franta@ceb.cz



Eva Hubková

Senior Dealer & Funding Manager

Tel.: +420 222 843 201; eva.hubkova@ceb.cz