

Second Supplement dated 9 June 2023
to the Base Prospectus dated 22 September 2022
as supplemented by the First Supplement dated 3 February 2023

UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.
(incorporated with limited liability in the Czech Republic)

€7,000,000,000
Mortgage Covered Bond Programme

*This document constitutes a supplement (the **Second Supplement**) for the purpose of Article 23 (1) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council (as amended, the **Prospectus Regulation**) and is supplemental to and should be read in conjunction with the base prospectus dated 22 September 2022 as supplemented by the first supplement dated 3 February 2023 (together the **Original Base Prospectus**) of UniCredit Bank Czech Republic and Slovakia, a.s. (the **Issuer**) prepared in relation to the Issuer's €7,000,000,000 Mortgage Covered Bond Programme. With effect from the date of this Second Supplement, the Original Base Prospectus shall be amended and supplemented in the manner described in this Second Supplement and each reference in the Original Base Prospectus to "Base Prospectus" shall be read and construed as a reference to the Original Base Prospectus as amended and supplemented by this Second Supplement. The Original Base Prospectus in the form as supplemented by this Second Supplement is hereinafter referred to as the **Base Prospectus**.*

Terms defined in the Original Base Prospectus have the same meaning when used in this Second Supplement. To the extent that there is any inconsistency between (a) any statement in this Second Supplement and (b) any other statement in the Original Base Prospectus prior to the date of this Second Supplement, the statements in (a) will prevail.

This Second Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF**) and will be published together with any documents incorporated by reference in electronic form on the website of the Luxembourg Stock Exchange www.luxse.com and on the website of the Issuer www.unicreditbank.cz, section "Debt Investor Relations", sub-section "UniCredit Bank Czech Republic and Slovakia, a.s. International €7 bln Covered Bond Programme". The Original Base Prospectus is published together with any documents incorporated by reference in electronic form on the website of the Luxembourg Stock Exchange www.luxse.com and on the website of the Issuer www.unicreditbank.cz, section "Debt Investor Relations", sub-section "UniCredit Bank Czech Republic and Slovakia, a.s. International €7 bln Covered Bond Programme".

The CSSF only approves this Second Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Second Supplement.

By approving this Second Supplement, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer pursuant to Article 6 (4) of the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*, the **Luxembourg Prospectus Law**).

The Issuer with its registered office at Prague 4 - Michle, Želetavská 1525/1, Postal Code 14092, Czech Republic, accepts responsibility for the information contained in this Second Supplement. The Issuer hereby declares that, to the best of its knowledge, the information contained in this Second Supplement is in accordance with the facts and that this Second Supplement makes no omission likely to affect its import.

Save as disclosed in this Second Supplement, there has been no significant new factor, material mistake or material inaccuracy relating to information included in the Original Base Prospectus since the publication of the Original Base Prospectus.

In accordance with Article 23 (2) of the Prospectus Regulation, where the Original Base Prospectus to which this Second Supplement applies relates to an offer of debt securities to the public, investors who have already agreed to purchase or subscribe for any debt securities before this Second Supplement is published have the right, exercisable within two working days after the publication of this Second Supplement, i.e. until and including 13 June 2023, to withdraw their acceptances, provided that a significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first. Investors may contact the relevant financial intermediary if they wish to exercise their right of withdrawal.

PURPOSE OF THE SUPPLEMENT

The purpose of this Supplement is to: (a) amend the "Risk Factors" section in the Original Base Prospectus; (b) incorporate by reference the Issuer's interim consolidated financial statements for the three months ended 31 March 2023 and the Issuer's consolidated financial statements for the year ended 2022; (c) amend the "Selected Financial Information" section in the Original Base Prospectus; (d) amend the "Description of the Issuer" section in the Original Base Prospectus; (e) amend the "Risk Management" section in the Original Base Prospectus; and (f) amend the "General Information" section in the Original Base Prospectus in order to implement certain financial information as of and for the three months ended 31 March 2023 and as of and for the year ended 31 December 2022.

NOTICE

This Second Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any debt securities the Issuer may issue. No person has been authorised by the Issuer to give any information or to make any representation other than those contained in this Second Supplement or the Base Prospectus. If given or made, any such information or representation should not be relied upon as having been authorised by the Issuer.

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SUPPLEMENTAL INFORMATION

Part A – Amendments to the section RISK FACTORS

- 1) On page 25 of the Original Base Prospectus, the risk factor "**The Issuer is exposed to the risk of defaults by counterparties**" shall be replaced in its entirety by the following:

“The Issuer is exposed to the risk of defaults by counterparties

The Issuer is exposed to the risk that borrowers or other counterparties may not be able to meet their obligations owed to the Issuer. Counterparties include, among others, brokers and dealers, commercial banks, investment banks and other institutional as well as retail customers. Exposures can arise through trading, lending, deposit taking, clearance and settlement and other financing activities and relationships.

The Issuer considers the following to be the most substantial sources of its credit risk:

- portfolio concentration, both at the level of individual borrowers or economically connected groups, as well as at sector level, particularly in the area of commercial real estate financing;
- risk of external shocks on the residential real estate market; and
- risk of other than expected macroeconomic developments affecting the creditworthiness of corporate clients and available household income.

With regards to the structure of the receivables from clients, the Issuer’s loan portfolio as of 31 March 2023, 31 December 2022 and 31 December 2021 may be characterized as follows:

- 68.4 per cent. of the portfolio as of 31 March 2023, 67.7 per cent. of the portfolio as of 31 December 2022 and 66.2 per cent. of the portfolio as of 31 December 2021 was comprised of receivables from corporate clients and the remainder, 31.6 per cent. as of 31 March 2023, 32.3 per cent. as of 31 December 2022 and 33.8 per cent. as of 31 December 2021, of receivables from retail clients;
- the level of exposure to default was at 1.8 per cent. as of 31 March 2023, 1.9 per cent. as of 31 December 2022 and at 2.5 per cent. as of 31 December 2021 for the entire portfolio, and was lower for retail receivables as opposed to corporate receivables;
- the most frequently represented client sectors in the Issuer’s loan portfolio were real estate financing, financial services, energy, wholesale, services, government, transport and chemical (on an individual basis);
- 87.7 per cent. as of 31 March 2023, 87.8 per cent. as of 31 December 2022 and 87.3 per cent. as of 31 December 2021 of the Issuer’s credit exposure vis-à-vis retail clients was comprised of receivables from mortgage loans provided to non-business individuals;
- the rate of defaulted exposures differed across the individual sectors (the highest rate being in accommodation, catering and hospitality (16.45 per cent. as of 31 March 2023, 16.90 per cent. as of 31 December 2022 and 22.54 per cent. as of 31 December 2021, followed by the transport (7.22 per cent. as of 31 March 2023, 6.17 per cent. as of 31 December 2022 and 9.12 per cent. as of 31 December 2021), the manufacturing industry (4.76 per cent. as of 31 March 2023, 4.66 per cent. as of 31 December 2022 and 3.93 per cent. as of 31 December 2021) and agriculture, forestry (4.37 per cent. as of 31 March 2023, 4.49 per cent. as of 31 December 2022 and 6.94 per cent. as of 31 December 2021) and the lowest rate being public sector (0.0 per cent. as of 31 March 2023, 0.0 per cent. as of 31 December 2022 and 0.0 per cent. as of 31 December 2021)), but it did not exceed 16.45 per cent. as of 31 March 2023, 16.90 per cent. as of 31 December 2022 and 22.54 per cent. as of 31 December 2021 in any of the ten largest sectors (on an individual basis), and more than one half of

the Issuer's loan portfolio comprised receivables from clients with the risk of default below 0.49 per cent. as of 31 March 2023 (on an individual basis).

As of 31 March 2023, the average exposure-weighted probability of default on receivables from performing clients was 1.48 per cent. (1.51 per cent. as of 31 December 2022 and 1.63 per cent. as of 31 December 2021). However, changes in economic conditions caused by the COVID-19 outbreak gave rise to number of the Issuer's defaulting clients. As regards the quality of the loan portfolio, a higher increase in non-performing loans was identified during 2020 with a culmination in the first quarter of 2021. Subsequently, the share of non-performing loans decreased slightly towards the end of 2021. The current share of non-performing loans is at a similar level to that before the outbreak of the COVID-19 pandemic but there is a risk that the number of non-performing loans will increase in the future due to, among others, high inflation levels and increasing interest rates.

As of 31 March 2023, the total gross amount of non-performing exposures amounted to CZK 10.2 billion (CZK 12.0 billion as of 31 March 2022) and the coverage ratio on gross non-performing exposures reached 63.94 per cent. (64.92 per cent. as of 31 March 2022).

The table below shows the historical share of non-performing loans to customers at a consolidated level (always on the last day of the respective month):

	December 2021	March 2022	December 2022	March 2023
Development of share of non-performing loans to customers	2.5 per cent.	2.3 per cent.	1.9 per cent.	1.8 per cent.

The Issuer may incur losses if its counterparties default on their obligations. If losses arising from a counterparty's default significantly exceed the amounts of the Issuer's provisions, this could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base or prospects. This risk may be exacerbated if the collateral held by the Issuer cannot be realised or can only be liquidated at prices below the level necessary to recover the full amount of the loan, derivative or other contractual exposures."

- 2) On page 28 of the Original Base Prospectus, the risk factor "**The Issuer relies on customer deposits, which are mostly short term or demand deposits, as its primary source of funding**" shall be replaced in its entirety by the following:

"The Issuer relies on customer deposits, which are mostly short term or demand deposits, as its primary source of funding

The Issuer relies on customer deposits to meet a substantial portion of its funding requirements. The majority of the Issuer's deposits are corporate deposits, a significant proportion of which are demand deposits. As of 31 March 2023, the Issuer's deposits from customers (mainly time deposits and demand deposits) comprised 78.7 per cent. (73.5 per cent. as of 31 December 2022 and 76.9 per cent. as of 31 December 2021) of its total liabilities) and, within this portion of the Issuer's deposits from customers, 51.2 per cent. (78.3 per cent. as of 31 December 2022 and 91.7 per cent. as of 31 December 2021) were demand deposits that may be withdrawn at any time without penalty. Such deposits are subject to fluctuation due to factors outside of the Issuer's control, and the Issuer can provide no assurance that it will not experience a significant outflow of deposits within a short period of time as a reaction to factors outside its control, which may result in liquidity gaps that the Issuer may not be able to cover. Any material decrease in deposits could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base, prospects or reputation.

The Czech banking sector experienced a similar situation recently when, following the Invasion of Ukraine, the CNB announced on 28 February 2022 that it launched steps towards the revocation of the banking licence of Sberbank CZ, a.s., an indirect subsidiary of the Russian majority state-owned Sberbank,

following a run on the bank. Global markets have also experienced similar occurrences, including most recently the entry into of a merger agreement for the acquisition of Credit Suisse, a global systemically important bank, by UBS, following the intervention of the Swiss regulators, and the failures of Silicon Valley Bank, Signature Bank and the First Republic Bank in the United States in recent months.

Additionally, if depositors in other financial institutions in the Czech Republic or other countries were to withdraw significant amounts of savings generally, resulting in a failure of that institution, this could create a systematic effect among depositors and investors in the Czech Republic. This could have a material adverse effect on the Issuer's business, results of operations, financial condition, liquidity, capital base, prospects or reputation."

Part B – Amendments to the section DOCUMENTS INCORPORATED BY REFERENCE

3) On page 57 of the Original Base Prospectus, the following clauses (g) and (h) shall be added:

- "(g) the auditor's report and consolidated audited annual financial statements of the Issuer as of and for the financial year ended 31 December 2022 including the information set out at the following pages in particular (but excluding the cover page which is not relevant for investors in the Mortgage Covered Bonds):

Auditor's Report.....	Pages 226-239
Consolidated Statement of Comprehensive Income.....	Page 61
Consolidated Statement of Financial Position.....	Page 62
Consolidated Statement of Cash Flows.....	Page 63
Consolidated Statement of Changes in Equity.....	Page 64
Notes to the Financial Statements (Consolidated).....	Pages 65-142

(available at: <https://www.unicreditbank.cz/content/dam/cee2020-pws-cz/cz-dokumenty/o-bance/vyrocní-zpravy/VZ-2022-EN.pdf>)

- (h) the unaudited interim consolidated financial statements of the Issuer as of and for the three months ended 31 March 2023 including the information set out at the following pages:

Interim Consolidated Statement of Financial Position.....	Page 1
Interim Consolidated Statement of Comprehensive Income.....	Page 2

(available at: <https://www.unicreditbank.cz/content/dam/cee2020-pws-cz/cz-dokumenty/o-bance/international-covered-bond-programme/consolidated-results-as-of-20230331.pdf>)"

Part C – Amendments to the section SELECTED FINANCIAL INFORMATION

- 4) On page 295 of the Original Base Prospectus, the item "Consolidated statement of comprehensive income" shall be modified as follows:

Consolidated statement of comprehensive income

	Three months ended 31 March		Year ended 31 December	
	2023	2022	2022	2021
	<i>(in CZK millions)</i>			
Interest income of which:.....	7,248	5,205	24,090	15,305
interest income calculated using the effective				
interest method.....	9,255	5,897	30,403	12,722
Interest expenses	(3,520)	(1,391)	(9,506)	(2,324)
Net interest income	3,728	3,814	14,584	12,981
Fee and commission income	1,324	1,355	5,402	5,009
Fee and commission expenses	(463)	(336)	(1,600)	(1,414)
Net fee and commission income	861	1,019	3,802	3,595
Dividend income	1	2	8	4
Net income/(loss) from trading	666	568	2,032	2,111
Net income/(loss) from hedging against risk of changes in				
fair value	-	(1)	(2)	(1)
Net income/(loss) from the sale or repurchase of.....	5	21	342	435
Financial assets at amortised cost	-	5	107	357
Financial assets at fair value through other				
comprehensive income.....	5	16	46	94
Financial liabilities.....	-	-	189	(16)
Net income/(loss) from financial assets/liabilities at fair				
value through profit or loss, of which	19	8	4	(12)
Mandatorily at fair value.....	19	8	4	(12)
Operating income.....	5,280	5,431	20,762	19,113
Impairment losses on:	87	(299)	(1,600)	(2,044)
Financial assets at amortised cost	88	(299)	(1,595)	(2,045)
Financial assets at fair value through other				
comprehensive income.....	(1)	-	5	1
Administrative expenses	(2,497)	(2,391)	(7,577)	(7,288)
Net provisions for risks and charges	55	(37)	62	41
Loan commitments and financial guarantees given	17	(27)	65	18
Other net provisions	38	(10)	(3)	23
Depreciation and impairment of property, equipment and				
right of use assets	(237)	(241)	(951)	(1,064)
Amortisation and impairment of intangible assets	(184)	(176)	(688)	(676)
Other operating income and expenses	186	177	1,102	665
Operating expenses	(2,677)	(2,668)	(8,052)	(8,322)
Net income/(loss) on property and investment property				
measured at fair value	-	-	-	2
Profit/(loss) from equity investments	13	7	54	61
Profit/(loss) from the sale of non-financial assets	-	(1)	(2)	30
Profit before income tax	2,703	2,470	11,162	8,840

Income tax.....	(456)	(519)	(2,034)	(1,859)
Profit after tax	2,247	1,951	9,128	6,981
Net profit attributable to the Group's shareholders	2,247	1,951	9,128	6,981
Items that cannot be subsequently reclassified to profit or loss				
Reserve from revaluation of financial assets at fair value through other comprehensive income, of which:	-	-	(6)	-
Change in fair value	-	-	(7)	-
Revaluation reclassified to profit or loss.....	-	-	-	-
Deferred tax	-	-	1	-
Reserve from revaluation of property used in business measured at fair value, of which:	(6)	(5)	4	(53)
Change in fair value	(5)	(3)	15	(51)
Transfers to other net equity items	(3)	(3)	(10)	(15)
Deferred tax	2	1	(1)	13
Items that can be subsequently reclassified to profit or loss				
Reserve from revaluation of hedging instruments in cash flow hedges, of which:	654	(1,284)	(2,007)	(6,565)
Change in fair value	807	(1,595)	(1,207)	(8,643)
Revaluation reclassified to profit or loss.....	-	-	(1,299)	532
Deferred tax	(153)	311	499	1,546
Reserve from revaluation of financial assets at fair value through other comprehensive income, of which:	35	(279)	(522)	29
Change in fair value	46	(334)	(577)	89
Revaluation reclassified to profit or loss.....	(3)	(10)	(68)	(53)
Deferred tax	(8)	65	(123)	(7)
Foreign exchange rate gains from the consolidation of a foreign branch	(282)	(199)	(332)	(709)
Other comprehensive income, net of tax	401	(1,767)	(2,863)	(7,298)
Other comprehensive income, net of tax, attributable to the Group's shareholders.....	401	(1,767)	(2,863)	(7,298)
Total comprehensive income, net of tax	2,648	184	6,265	(317)
Total comprehensive income, net of tax, attributable to the Group's shareholders	2,648	184	6,265	(317)

- 5) On page 297 of the Original Base Prospectus, the item "**Consolidated statement of financial position**" shall be modified as follows:

Consolidated statement of financial position

	As of 31 March	As of 31 December	
	2023	2022	2021
	<i>(in CZK millions)</i>		
ASSETS			
Cash and cash balances*	5,495	7,086	5,772
Financial assets at fair value through profit or loss, of which	50,340	53,235	35,190
Held for trading	49,781	52,695	34,646
Mandatorily at fair value	559	540	544
Financial assets at fair value through other comprehensive income	41,246	28,319	21,802
Financial assets at amortised cost*, of which:	909,522	645,469	605,192
Loans and advances to banks*	357,144	108,389	121,843
Loans and advances to customers	552,378	537,080	483,349
Positive fair value of hedging derivatives	18,837	21,431	12,341
Change in fair value of the portfolio of hedged instruments	(2,367)	(3,164)	(366)
Equity investments	368	355	365
Property, equipment and right of use assets	6,486	6,443	6,511
Intangible assets	2,540	2,712	2,876
Tax receivables, of which:	2,785	3,036	2,553
Current income tax	12	10	349
Deferred tax	2,773	3,026	2,204
Non-current assets held for sale	-	-	8
Other assets	1,431	1,490	1,220
Total assets	1,036,683	766,412	693,464
LIABILITIES			
Financial liabilities at fair value through profit or loss, of which	50,297	52,725	35,135
Held for trading	50,297	52,725	35,135
Financial liabilities at amortised cost, of which:	866,760	594,696	550,898
Deposits from banks	63,334	56,910	56,874
Deposits from customers	757,134	503,374	470,158
Debt securities issued	46,292	34,412	23,866
Negative fair value of hedging derivatives	34,701	39,799	21,755
Changes in fair value of the portfolio of hedged instruments	(11,094)	(12,656)	(5,395)
Tax liabilities, of which:	1,376	1,459	998
Current income tax	807	808	260
Deferred tax	569	651	738
Other liabilities	18,349	7,703	6,827
Provisions for risks and charges	1,197	1,264	1,365
Total liabilities	961,586	684,990	611,583
EQUITY			
Issued capital	8,755	8,755	8,755
Share premium	3,495	3,495	3,495
Reserve funds from revaluation	(8,404)	(9,029)	(6,141)
Retained earnings and reserve funds	69,004	69,073	68,791
Profit for the period	2,247	9,128	6,981
Total shareholder's equity	75,097	81,422	81,881
Total liabilities and shareholder's equity	1,036,683	766,412	693,464

- 6) On page 298 of the Original Base Prospectus, the item "**Consolidated statement of cash flows**" shall be modified as follows:

Consolidated statement of cash flows

	Year ended 31 December	
	2022	2021*
	<i>(in CZK millions)</i>	
Profit after tax	9,128	6,981
Adjustments for non-monetary items:		
Impairment losses of:	1,600	2,044
Financial assets at amortised costs	1,595	2,045
Financial assets at fair value through other comprehensive income	5	(1)
Revaluation of financial instruments.....	(461)	1,358
Net provisions for risks and charges	(62)	(41)
Loan commitments and financial guarantees given.....	(65)	(18)
Other net provisions	3	(23)
Depreciation and impairment of property, equipment and right of use assets	951	1,064
Amortisation and impairment of intangible assets	688	676
Net income/(loss) from the sale or repurchase of:.....	(46)	(94)
Financial assets at fair value through other comprehensive income	(46)	(94)
Profit/(loss) from equity investments	10	(6)
Profit/(loss) from the sale of non-financial assets	2	(30)
Taxes.....	2,034	1,859
Unrealised foreign currency gains/(losses)	(300)	(709)
Other non-monetary adjustments (FX revaluation, Accruals and Others).....	(995)	(2,225)
Operating profit before change in operating assets and liabilities	12,549	10,877
Financial assets at fair value through profit or loss, <i>of which</i> :	(17,682)	(19,482)
Held for trading	(17,516)	(19,466)
Mandatorily at fair value	(166)	(16)
Financial assets at amortised cost, <i>of which</i> :	(39,646)	(9,533)
Loans and advances to banks	13,506	12,038
Loans and advances to customers.....	(53,152)	(21,571)
Other financial instruments*	2,181	(2,236)
Other assets	(278)	852
Financial liabilities at fair value through profit or loss, <i>of which</i>	17,585	18,336
Held for trading.....	17,585	18,336
Financial liabilities at amortised cost, <i>of which</i> :	32,776	(3,366)
Deposits from banks	259	(48,372)
Deposits from customers.....	32,517	45,006
Other liabilities	131	(3,230)
Income tax paid	(1,436)	(1,291)
Net cash flows from operating activities	6,180	(9,073)
(Purchase) of financial assets at fair value through other comprehensive income*	(11,892)	(11,774)
Sale and maturity of financial assets at fair value through other comprehensive income* ..	3,640	9,038
Cash proceeds from the sale of property and equipment and intangible assets	982	1,525
(Acquisition) of property and equipment and intangible assets	(949)	(895)
Dividends received	8	4
Net cash flows from investment activities	(8,211)	(2,102)
Dividends paid	(6,662)	(3,299)
Financial liabilities at amortised cost – issue of debt securities	13,283	16,408
Financial liabilities at amortised cost – repayment of issued debt securities.....	(2,848)	(3,007)
(Payment) of Lease liabilities.....	(428)	(362)
Net cash flows from financial activities	3,345	9,740

Cash and cash balances at the beginning of the period.....	5,772	7,207
Cash and cash balances at the end of the period	7,086	5,772
Interest received	23,221	15,347
Interest paid.....	(8,941)	(2,625)

** In order to better express the nature of the amounts on the line „Financial assets at fair value through other comprehensive income and other financial instruments“, the Group decided to include part of this line represented by Other financial instruments in cash flows from operating activities and adjust the comparative period. The remaining part in cash flows from investment activities representing by financial assets at fair value through other comprehensive income was divided between cash flows caused by purchase and sale and maturity.*

Part D – Amendments to the section DESCRIPTION OF THE ISSUER

- 7) On page 301 of the Original Base Prospectus, the following selected parts of the item "**Overview**" shall be modified as follows (whilst the rest of the item remains unchanged), whereby added text is printed in blue and underlined and deleted text is printed in ~~red and strikethrough~~:

"As of 31 March 2023 ~~30 September 2022~~, the total assets of the Group were CZK 1,036.7 ~~1,037.4~~ billion ~~compared to CZK 883.4 billion as of 30 September 2021~~ (CZK 766.4 ~~693.5~~ billion as of 31 December 2022 ~~2021~~, an increase of 10.5 ~~4.4~~ per cent. from CZK 693.5 ~~664.4~~ billion as of 31 December 2021 ~~2020~~), the Issuer had CZK 757.1 ~~759.8~~ billion (CZK 503.4 ~~470.2~~ billion as of 31 December 2022 ~~2021~~, an increase of 6.8 per cent. from CZK 470.2 billion as of 31 December 2021) of customer deposits and outstanding customer loans of CZK 552.4 ~~553.2~~ billion (CZK 537.1 ~~483.3~~ billion as of 31 December 2022 ~~2021~~, an increase of 11.1 per cent. from CZK 483.3 billion as of 31 December 2021). As of 31 March 2023 ~~30 September 2022~~, the direct funding of the Group (being the sum of customer deposits and issued securities) amounted to CZK 803.4 ~~782.9~~ billion.

The Issuer aims to maintain its financial stability through a strong capital base, with its common equity tier 1 (CET1) ratio amounting to 23.06 ~~21.7~~ per cent. and its total capital ratio amounting to 23.1 ~~21.9~~ per cent. (both according to Basel III phase-in rules) as of 31 December 2022 ~~2021~~. As of 31 March 2023 ~~30 September 2022~~, the Issuer's ratio of the common equity tier 1 (CET1) was 22.3 ~~21.9~~ per cent. (21.5 ~~21.9~~ per cent. as of 31 March 2022 ~~30 September 2021~~) and its total capital ratio amounted to 22.4 ~~22.1~~ per cent. (21.6 ~~22.1~~ per cent. as of 31 March 2022 ~~30 September 2021~~).

As of 31 March 2023 ~~30 September 2022~~, the LCR of the Issuer stood at 163 ~~147~~ per cent. (142 ~~160~~ per cent. as of 31 March 2022 ~~30 September 2021~~) and the NSFR of the Issuer stood at 149 ~~154~~ per cent. (144 ~~141~~ per cent. as of 31 March 2022 ~~30 September 2021~~). Cost of risk of the Group stood at minus 0.08 ~~0.20~~ per cent. as of 31 March 2023 ~~30 September 2022~~ (0.26 ~~0.14~~ per cent. as of 31 March 2022 ~~30 September 2021~~) and the total net write-downs on loans reached CZK 105 ~~763~~ million as of 31 March 2023 ~~30 September 2022~~ (CZK 321 ~~439~~ million as of 31 March 2022 ~~30 September 2021~~).

The Group's return on allocated capital (ROAC) stood at 17.50 ~~17.49~~ per cent. as of 31 March 2023 ~~30 September 2022~~ (15.75 ~~15.56~~ per cent. as of 31 March 2022 ~~30 September 2021~~).

Part E – Amendments to the section RISK MANAGEMENT

- 8) On page 332 of the Original Base Prospectus, the item "**Capital Management**" shall be replaced in its entirety by the following:

"Management of the Issuer monitors the development of the Issuer's capital adequacy on a consolidated basis and its capital position. The regulator of the banking market, the CNB, established rules for the calculation of capital requirements and monitors their development. Since 1 January 2014, the Issuer has met the requirements of the CRR that was implemented by the CNB through Decree No. 163/2004 Coll. on the performance of the activity of banks, credit unions and investment firms. The Basel III rules were established in response to the financial crisis and introduce requirements for increased capital quality, requirement for an increased coverage of risks, the minimum standard for liquidity management, rules for the leverage ratio and improve risk management and corporate governance.

The Issuer's regulatory capital consists of the following:

- Common Equity Tier 1 (CET 1) capital which comprises registered capital, share premium, reserve funds, retained earnings, accumulated other comprehensive income from revaluation of financial assets at fair value through other comprehensive income, post-tax profit for the period if audited at the time of reporting; minus intangible assets and gaps in the coverage of anticipated losses through adjustments for credit risk using the internal rating based approach;

- Tier 1 (T1) capital which consists of CET1 and Additional Tier 1 Capital (the **AT 1**); and
- Tier 2 (T2) capital which is the excess in the coverage of anticipated credit losses when using the internal rating based approach.

The Issuer complies with the defined minimum requirements of Basel III rules for capital adequacy, including capital buffers.

As of 31 March 2023, the total regulatory capital of the Group amounted to CZK 78.6 billion (CZK 78.9 billion as of 31 March 2022), of which CET1 capital amounted to CZK 78.4 billion (CZK 78.3 billion as of 31 March 2022). The total risk-weighted assets (RWA) of the Group amounted to CZK 350.9 billion as of 31 March 2023 (CZK 365.0 billion as of 31 March 2022).

Statement of capital for the Group's capital adequacy calculation on a consolidated basis as reported to the regulator in accordance with applicable rules as of 31 December 2022 and as of 31 December 2021:

	As of 31 December	
	2022	2021
	<i>(in CZK millions)</i>	
Tier 1 capital.....	79,363	78,550
Total capital.....	79,510	79,180
Capital requirement for credit risk under the standardised approach	3,876	3,760
Capital requirement for credit risk under the IRB approach	20,659	21,997
Capital requirements for position risk	565	638
Capital requirements for commodity risk.....	3	3
Capital requirements for operational risk.....	2,184	2,275
Capital requirements for credit valuation adjustment.....	29	104
Capital requirement for other risk exposure	220	183
Total capital requirement.....	27,536	28,960"

Part F – Amendments to the section GENERAL INFORMATION

- 9) On page 370 of the Original Base Prospectus, the item "**Documents Available**" shall be modified as follows, whereby added text is printed in blue and underlined and deleted text is printed in ~~red and strikethrough~~:

"For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and, in the case of the documents listed under paragraphs (a), (b), (c), (d), (e), (f), (g) and (h) and (i), also on the Issuer's website www.unicreditbank.cz, where they will remain publicly available in electronic form for at least 10 years after their publication on the relevant websites:

- the Articles of Association (with an English translation thereof) of the Issuer, available at: section "Debt Investor Relations", sub-section "Articles of Association of the Bank";
- the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2022, 2021 and 2020 (drawn up in English or with an English translation thereof), in each case together with the audit reports prepared in connection therewith, available at: section "Debt Investor Relations", sub-section "Annual reports";
- the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2022 and 2021;

- (d) the unaudited interim consolidated financial statements of the Issuer for the nine months ended 30 September 2022;
- (e) the unaudited interim consolidated financial statements of the Issuer for the three months ended 31 March 2023;
- (f) ~~(e)~~ the Sustainability Bond Framework;
- (g) ~~(f)~~ the Programme Agreement, the Agency Agreement and the Asset Monitor Agreement;
- (h) ~~(g)~~ a copy of this Base Prospectus, available at: section “Debt Investor Relations”, sub-section “UniCredit Bank Czech Republic and Slovakia, a.s. International €7 bln Covered Bond Programme”; and
- (i) ~~(h)~~ any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference available at: section “Debt Investor Relations”, sub-section “UniCredit Bank Czech Republic and Slovakia, a.s. International €7 bln Covered Bond Programme”.

10) On page 371 of the Original Base Prospectus, the item "**Significant or Material Change**" shall be modified as follows, whereby added text is printed in blue and underlined and deleted text is printed in ~~red and strikethrough~~:

"There has been no significant change in the financial performance or the financial position of the Issuer or the Group since 31 March 2023 ~~30 September 2022~~ and there has been no material adverse change in the prospects of the Issuer since 31 December 2022 ~~2021~~."
