

## Business Terms and Conditions for Trading on Financial Markets

The wording of these Terms and Conditions is a translation of Slovak wording. In the event of any discrepancies between the Slovak and English wording the Slovak wording shall prevail.

### Article I. Introductory provisions

1. Československá obchodná banka, a. s. hereby issues these Business Terms and Conditions for Trading on Financial Market (the “**Terms and Conditions**”).

2. The Terms and Conditions apply to all contractual relations between Contracting Parties in the conclusion of Transactions or actions leading to the conclusion of Transactions. The Terms and Conditions shall in accordance with Art. 273 of the Act No. 513/1991 Coll. the Commercial Code, as amended (the “**Commercial Code**”) become a part of every Framework Agreement and relate to each Transaction concluded between the Bank and the Client and determine a part of their content unless the Framework Agreement or Confirmation for the relevant Transaction stipulate otherwise. Matters that are not regulated by these Terms and Conditions shall be regulated by the General Business Terms and Conditions, as applicable.

3. The provisions of the Framework Agreement shall take precedence over the provisions of these Terms and Conditions and the General Business Terms and Conditions of the Bank. The provisions of the Confirmation shall take precedence over the provisions of these Terms and Conditions and the General Business Terms and Conditions of the Bank, though only with respect to the terms of the particular Transaction to which the Confirmation relates.

### Article II. Definitions

Unless the Framework Agreement and/or the Confirmation and/or other Articles of these Terms and Conditions stipulate otherwise, all terms with an initial capital letter (except the titles of headings or points) shall in all other provisions of these Terms and Conditions, Confirmation and Framework Agreement have the following meaning:

“**Bank**” means Československá obchodná banka, a.s., Žižkova 11, 811 02 Bratislava, Corp. ID No: 36 854 140 registered in the companies register of Bratislava III Municipal Court, Section: Sa, Entry No: 4314/B, performing banking activities pursuant to NBS Banking Permit No OPK-2298/2007-PLP of 19.11.2007, and other relevant permits issued by the National Bank of Slovakia.

“**Blocking Account**” means a blocking account (collateral current account) in the Client’s name that serves as one of the means for securing the Client’s obligations through a form of Cash Collateral; it is opened and maintained for the Client by the Bank under a Blocking Account Agreement and a pledge in favour of the Bank is or may be established over receivables resulting from it.

“**Cash Collateral**” shall have the meaning as stated in point 3.2 of Article VII in these Terms and Conditions.

“**Early Termination Amount**” shall have the meaning as stated in point 2.7 of Article VII in these Terms and Conditions.

“**Trade Date**” means the date when the Contracting Parties agreed the substantial parameters for the Transaction.

“**Settlement Date**” or “**Value Date**” means the date of settlement of the agreement between the Contracting Parties for the relevant Transaction, on which the obliged Contracting Party shall provide the agreed performance, in particular when payment or delivery shall be made.

“**Termination Date**” or the “**Date of Early Termination**” shall have the meaning as stated in point 2.7 of Article VII in these Terms and Conditions.

“**Deposit Transaction**” shall have the meaning as stated in point 13.1 of Article IV in these Terms and Conditions.

“**Foreign Exchange Trade**” means an Foreign Exchange Transaction or an Foreign Exchange Option (as defined under points 1.1 and 2.1 of Article IV in these Terms and Conditions).

“**Offsetting Agreement**” means an agreement of the Contracting Parties to offset the Contracting Parties’ receivables against each other resulting from the early termination of a Transaction.

**“Financial Instrument”** means a financial instrument as defined in Art. 5 of the Securities Act.

**“Investment Advice”** means an investment service under Art. 6(1)(e) of the Securities Act.

**“Unique Identification Code”** or **“UIC”** means the unique code that the Bank provides to the Client and/or the Authorised Person to use it as proof of identification of the Client and/or Authorised Person in accordance with applicable legislation.

**“Client”** means a person with whom the Bank has concluded respective Framework Agreement and/or a Transaction, or a person from whom a Client’s Order is accepted. The term Client includes both the Client - Consumer and Client – Nonconsumer.

**“Client – Consumer”** means a Client who is a consumer under the relevant provisions of the Civil Code.

**“Client – Nonconsumer”** means a Client who is not a consumer under the relevant provisions of the Civil Code.

**“Confirmation”** means a written document (or a confirmation made on a durable medium), confirming the conclusion of a Transaction or confirming the conclusion of an Offsetting Agreement, which the Bank sends to the Client.

**“Commodity Transaction”** means Commodity Option, Commodity Swap and Transaction with Unallocated Gold (as defined under points 4.1, 5.1 and 6.1 of Article IV in these Terms and Conditions).

**“Limit”** shall have the meaning stated in point 1 of Article VI in these Terms and Conditions.

**“Mark-to-market”** means the method for valuation of the profit (or loss) that would be earned at the present moment by the Client’s Open Position (foreign exchange or other) resulting from an executed Transaction. The Bank shall calculate the Mark-to-Market value of the Transaction as the sum of (i) the value of actual or potential losses or costs incurred by the Bank or which the Bank would incur if the Transaction were to be terminated and under the continued existence of the circumstances at the date of calculation (expressed as a positive number), and (ii) the value of the real or potential profit gained by the Bank or which the Bank would gain if the Transaction were to be terminated and under the continued existence of the circumstances at the date of calculation (expressed as a negative number) at the moment of concluding an actual or hypothetical replacement transaction that would have substantially the same economic effect for the Bank as the given Transaction, including all the option rights, payments and deliveries applicable to the given Transaction that should or could have been performed if the Transaction had not been terminated. The Bank is entitled to

determine at its discretion the Mark-to-Market value of the Transaction for all purposes under the Framework Agreement, in any commercially reasonable manner. In determining the Mark-to-Market value of the Transaction, the Bank may (but is not obliged) to take into account any relevant and available information, such as (i) price quotations (indicative or mandatory) to replacement transactions having economically equivalent substantive terms obtained from third parties, related parties or internally; or (ii) market data obtained from third parties, related parties or from internal sources. For the avoidance of doubts (i) in the calculation of the Mark-to-Market value of the Transaction the Bank has the right to include (without duplication) any loss or expense incurred (or which would be incurred) in connection with the termination, liquidation or renewal of any indemnity (hedging or back-to-back transactions) in relation to the given Transaction or to any resulting performance; (ii) the Bank has no obligation to use the price quotations or market data mentioned above, particularly if it considers that the use of such information would lead to commercially unreasonable results or that such information is not available or reliable; (iii) the use of internal models or practices that the Bank typically uses for the valuation of financial assets is always considered as commercially reasonable conduct; and (iv) in the event of termination of the Transaction the Bank is not obliged to conclude any real replacement transaction. The Mark-to-market value will be expressed in euros, and if necessary, the Bank will make conversion in accordance with its usual practice.

**“Minimum Amount”** means the lowest possible Transaction amount, which the Bank will inform the Client of at its request.

**“EMIR Regulation”** means Regulation of European Parliament and Council No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR).

**“Bank’s Proposal”** means an offer that the Bank makes to the Client to conclude a Transaction.

**“Unfavourable Regulatory Changes”** shall have the meaning as stated in of letter a) of point 2.2 in Article VII of these Terms and Conditions.

**“Civil Code”** means Act No 40/1964 Coll., the Civil Code, as amended.

**“Terms and Conditions”** shall have the meaning stated in point 1 in Article I above.

**“Dealer”** means a natural person who is in an employment or similar relationship with the Bank and who is entitled to act in the name and on the account of the Bank in accordance with its internal regulations and to conclude financial market Transactions, and who is included in the following list published on the

Bank's website: <https://www.csob.sk/podnikatelia-firmy/zoznam-obchodnikov>.

**“Commercial Code”** shall have the meaning as stated in point 2 of 0 in these Terms and Conditions.

**“Securities Transactions”** shall have the meaning as stated in point 15.1 of Article IV in these Terms and Conditions.

**“Authorised Person”** means a person entitled to act on behalf of and for the account of the Client in accordance with the Framework Agreement.

**“Special Transactions”** shall have the meaning as stated in point 16.1 of Article IV in these Terms and Conditions.

**“Special Method of Transaction Conclusion”** means a method of transaction conclusion via Private Banker that can be used only by a Client who is a client of private banking of the Bank and under the conditions stipulated in point 23 of Article III in these Terms and Conditions.

**“OTC Derivative”** means an over-the-counter derivative or a contract on over-the-counter derivative the execution of which does not take place on regulated market or on a third-country market considered as regulated market under generally binding legal regulations.

**“Open Position”** means a situation under which the Client is exposed to risk stemming from a Transaction, i.e. the Mark-to-Market value of the Transaction is negative for the Client (loss-making for the Client).

**“Notice of Termination of Transactions”** shall have the meaning as stated in point 2.7 of Article VII in these Terms and Conditions.

**“Payment Order”** means a payment order or transfer order given to the Bank by the Client and whose execution is required for the conclusion of the Transaction.

**“Client's Order”** means an order of the Client given to the Bank, the main subject matter of which is the Client's request for the purchase or sale of a Financial Instrument and the conclusion of a Transaction for this purpose. For avoidance of doubt the term Client's Order shall include also a PN Order and Order (as are defined in points 14.1 and 15.1 of Article IV in these Terms and Conditions, respectively).

**“Provision of Investment Advice”** means the document describing the Bank's approaches and methods of providing Investment Advice, which is published on the Bank's website and made available in the Bank's places of business.

**“Business Day”** means a day when banks in Slovakia are usually open for business, including foreign exchange trading. A day shall not be a Business Day if it is a public holiday or non-working day in the Slovak

Republic and (i) in the country in which the relevant reference interest rate is set or (ii) which is the main financial centre for the currency of the relevant payment or the currency that is the object of the Transaction or of the currency, that is subject matter of the Transaction.

**“Event of Default”** shall have the meaning as stated in point 2.1 of Article VII in these Terms and Conditions.

**“Event of Early Termination”** means an Unfavourable Regulatory Change or other event of early termination indicated in the Confirmation.

**“Private Banker”** means an employee of the Bank with competence in private banking.

**“Framework Agreement”** means a framework agreement on financial market trading concluded between the Contracting Parties, which includes these Terms and Conditions and the General Business Terms and Conditions of the Bank.

**“Sum of Unsettled Obligations of the Bank”** shall have the meaning as stated in letter a) of point 2.8 of Article VII in these Terms and Conditions.

**“Sum of Unsettled Obligations of the Client”** shall have the meaning as stated in letter b) of point 2.8 of Article VII in these Terms and Conditions.

**“Transaction”** means any of the following business operations or transactions:

- A) Foreign Exchange Trade;
- B) Commodity Transaction;
- C) *intentionally left blank*
- D) Interest Rate Transaction;
- E) Barrier Transaction;
- F) Deposit Transaction;
- G) Promissory Note Transaction;
- H) Securities Transaction; or
- I) any Special Transaction.

**“Transaction not falling under MiFID or Non-MiFID Transaction”** means a trade or transaction not falling under European directive on markets in financial instruments (MiFID). It includes namely over-limit Deposit Transactions (except structured deposits) and Spot Foreign Exchange Transactions.

**“Transaction falling under MiFID or MiFID Transaction”** means a trade or transaction falling under European directive on markets in financial instruments (MiFID). MiFID regulates trading on markets in financial instruments and represents a legal frame for investor protection (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, the so-called MiFID II) and is implemented in the Securities Act. Financial instruments covered by the MiFID directive include: a) unit shares, b) bonds, c) shares, d) promissory notes, e) money-market instruments, f) mortgage bonds or covered bonds, g) investment

certificates, h) structured deposits, i) options, forwards, swaps and other derivatives.

**“Barrier Transaction”** means a transaction concluded between the Contracting Parties in accordance with points 12.1 to 12.5 of Article IV in these Terms and Conditions.

**“Account”** means a current account or deposit account of the Client or any other account of the Client kept at present or in future by the Bank, including but not limited to the account used to secure and settle the Client’s obligations and receivables from Transactions, including the accounts referred to in the Annex to the Framework Agreement – Client’s accounts for Transaction settlement.

**“Transactions being Terminated”** shall have the meaning as stated in point 2.7 of Article VII in these Terms and Conditions.

**“Interest Convention”** means the method determining interest rate calculation for a Transaction agreed between the Contracting Parties, which is specified in the Confirmation.

**“Interest Rate Transaction”** means Interest Rate Option, FRA Transaction, Interest Rate Swap and Currency Swap (as are defined in points 8.1, 9.1 and 10.1 or 11.1 of Article IV in these Terms and Conditions, respectively).

**“General Business Terms and Conditions”** means general business terms and conditions issued by the Bank and published on the Website.

**“Website”** means the official Website of the Bank – [www.csob.sk](http://www.csob.sk).

**“Securities Act”** means Act No. 566/2001 Coll. on securities and investment services and on the amendment of certain acts (the Securities Act), as amended.

**“Promissory Note Transaction”** shall have the meaning as stated in letter G) of Article IV in these Terms and Conditions.

**“Blocking Account Agreement”** means an agreement on a current account that is a Blocking Account, which regulate the Bank’s opening and maintaining of the Blocking Account for the Client.

**“PRF Limit Agreement”** means a separate agreement based on which a Limit is granted to a Client, if required by the Bank for the allocation of a Limit.

**“Contracting Party”** means the Bank and/or the Client.

**“Settlement Amount”** means Mark-to-Market value of all Transactions being Terminated, calculated as the sum of the Mark-to-Market value of each Transaction being Terminated. For the purposes of calculating the Settlement Amount, the Mark-to-Market profit of the Client shall be included as a negative value and the

Mark-to-Market loss of the Client shall be included as a positive value.

## **Article III. Communication with the Bank and the method for concluding Transactions**

1. To eliminate doubt, the Bank shall be entitled to refuse to carry out a Client’s Order or to conclude a Transaction and it is not obliged to conclude any Transaction. There shall be no legal claim to receive a Bank’s Proposal.

2. The Client shall be entitled to contact the Bank for the purposes of concluding a Transaction only on Business Days on which the Bank is routinely open, and that between the hours of 09:00 and 15:00 CET/CEST. A Transaction may be concluded at other times than those specified in the previous sentence with the Bank’s consent.

3. The Client shall be entitled to contact the Bank by the following means:

a) Via the telephone numbers of (i) a Dealer or (ii) their Private Banker, if they use the Bank’s Private Banking service. In telephone communication the Client or the Authorised Person shall be required to provide identification data in the form of the UIC. The Client confirms and expressly agrees that the Bank shall be entitled to consider any acts carried out by means of and with the use of the UIC that the Bank has assigned to the Client and/or the Authorised Person to be actions carried out on behalf of and for the account of the Client. For the avoidance of doubt, if one individual is (i) both the Client as well as the Authorised Person in respect of one or several other Clients; or (ii) the Authorised Person in respect of several Clients, such person has been assigned a sole UIC for all the transactions. In order to capture the content of the Transaction concluded by means of a telephone conversation with a Client, the Bank is entitled and obliged to record the telephone conversation with the Client and the Client expressly and without reservation gives consent for the making and use of such an audio recording. Recordings of telephone conversations are conclusive evidence of the conclusion of a Transaction and its conditions; the Client is entitled to request the recording of a telephone conversation. The UIC shall provide sufficient identification of the Client under applicable legislation, because the Bank guarantees a unique UIC for each Client. The Client shall be obliged to protect the UIC against loss, disclosure, abuse and other unauthorised use. The Bank shall not be liable

to the Client for losses incurred in connection with the use of the UIC by an unauthorised person.

- b) Through a Private Banker, if the Client is a private banking client of the Bank;
- c) By another agreed method, depending on the Transaction concluded.

4. The Bank shall be obliged to refuse to execute or conclude Transactions also if it is not possible to determine the identity of the Client or the persons acting on behalf of and/or for the account of the Client, or if there are doubts regarding the identification of the Client or the persons acting on behalf of and/or for the account of the Client.

5. The Bank advises the Client of the fact that the communication with the Bank via non-secured communication channels might represent various risks, in particular, risk of abuse, change and/or making public the content of the communication. The Client agrees that the Bank shall be not liable for any loss, that may be incurred by the Client due to use of non-secure communication channels when communicating with the Bank, in particular in the event of abuse, change and/or making public the content of the communication.

6. The Client shall be entitled to authorise a representative to undertake legal acts based on a power of attorney, in which case the authorised representative must be identified in the submitted power of attorney in a manner that allows that Bank to verify the authorised representative's identification in accordance with applicable legislation (in particular the Act on Banks, the Act on the prevention of money laundering and so on). The power of attorney must be in writing and the scope of the authorization given must be sufficiently specific. The Bank will decide whether the scope of authorization is sufficiently specific. The Client's signature on the power of attorney must be officially certified unless it is signed before the Dealer, the Private Banker or other competent Bank officer. The validity of the power of attorney presented or delivered to the Bank ends with the expiry of the period for which it was granted, by its revocation, or the performance of the legal act for which it was granted, unless otherwise indicated in the power of attorney. The power of attorney shall also cease on the death or dissolution of the Client. If the Client is a legal entity, any employee of the Client is considered an Authorised Person, unless the Client informs the Bank otherwise.

7. The Client shall conclude the Transactions with the Bank through the Dealer on the basis of the Bank's Proposal made after the Bank obtains all information necessary to present the Bank's Proposal. The Bank shall be entitled to withdraw or amend a Bank's Proposal at any time before the Client gives full and unconditional consent for adoption of the Bank's

Proposal and any amendment of the Bank's Proposal shall be deemed the presentation of a new Bank's Proposal from the side of the Bank and the cancellation or rejection of the original Bank's Proposal. If the conditions of the Bank's Proposal are changed during conclusion of a Transaction in response to the updating of relevant Transaction parameters, the Bank shall be bound only by the new, amended Bank's Proposal.

8. Unless the Bank's Proposal states otherwise, the Bank's Proposal shall remain open only for the period of continuous, in particular telephone communication with the Client relating to the conclusion of the Transaction.

9. A Transaction requested by the Client can be executed only after (i) the expression of full and unconditional consent with the adoption of the Bank's Proposal, unless the Bank shall carry out the Transaction in question based on the Client's Order pursuant to applicable provisions of these Terms and Conditions), (ii) establishment of the security that the Bank requires to cover obligations resulting from the planned Transaction; and (iii) prior fulfilment of other conditions that the Bank requires.

10. The Transaction may be concluded orally, unless applicable legislation stipulates otherwise, or unless the Contracting Parties have agreed on the written form of concluding the Transaction. In concluding the Transaction, the Client shall be required to express full and unconditional consent for the adoption of the Bank's Proposal in a way that admits no doubt, for example by using an expression such as "I'll take it", "I agree", "Agreed", "OK", "Done", "I want it", "Buy", "Sell" etc. If the Client does not comprehensibly and unambiguously express full and unconditional consent for adoption of the Bank's Proposal or the Bank has any doubt regarding the expression of full and unconditional consent for adoption of the Bank's Proposal, in particular during uninterrupted telephone communication with the Client, the Bank shall be entitled to ask the Client to confirm his/her full and unconditional consent for adoption of the Bank's Proposal or his/her rejection of conclusion of the Transaction. The Client's consent for the Bank's Proposal is taken as the submission of an Order relating to a Financial Instrument.

11. The Bank shall, without undue delay and no later than by the end of the Business Day following the conclusion of the Transaction, Offsetting Agreement, or execution of a Client's Order, issue a Confirmation, i.e. a written confirmation or a confirmation made on a durable medium concerning the conclusion of the Transaction, Offsetting Agreement, or the execution of the Client's Order. The purpose of the Confirmation issued by the Bank is only to record and confirm the agreed parameters of the already concluded Transaction, or the Offsetting Agreement, and any failure to issue, delayed issue or failure to sign of the

Confirmation shall not affect the validity and the binding nature of the Transaction. The Client is entitled to request an itemised breakdown of commissions and expenses charged.

12. The Client shall be obliged to check the Confirmation on delivery and notify the Bank of any discrepancies and/or errors in the Confirmation without unnecessary delay; in this notification they may also request correction of identified discrepancies and/or errors. The Client shall not be entitled to amend or add to the Confirmation, but in the event of detecting any discrepancies and/or errors the Client is required to expressly object the discrepancies in the content and/or obvious errors in the Confirmation, in a manner referred to in point 3 of this Article III of these Terms and Conditions. Evident errors made in the Confirmation shall not affect the agreed conditions and parameters of a concluded Transaction or the Offsetting Agreement, and the Bank undertakes to issue a new Confirmation in which the evident errors are corrected.

13. The Client shall be obliged to sign the Confirmation and return it to the Bank within

a) three Business Days from delivery of Confirmation, if Transaction does not include a trade with OTC Derivative;

b) two Business Days from conclusion or execution of trade with OTC Derivative provided the Client is a non-financial counterparty which does not fulfil requirements under Art. 10 of EMIR Regulation; or

c) the closing of the Business Day from the day of conclusion or execution of trade with OTC Derivative provided the Client is a financial counterparty or non-financial counterparty which fulfils requirements under Art. 10 of EMIR Regulation.

The Client is entitled to object to content discrepancies and/or obvious errors in the Confirmation even after this period, and if such a request is justified, the Bank is obliged to issue a corrective Confirmation without delay.

14. The Client's duty to deliver a written Confirmation to the Bank as referred to in point 13 of this Article of the Terms and Conditions shall not apply if the Client confirms receipt of the Confirmation via electronic banking services under a separate agreement on the authorisation of Confirmations using ČSOB electronic banking services in accordance with the terms and conditions for the provision of ČSOB electronic banking services published on the Website, provided that this service has been activated for the Client pursuant to an agreement between the Client and the Bank. By entering into the separate agreement on the authorisation of Confirmations using ČSOB electronic banking services, the Client is assumed to agree to the sending of Confirmations by electronic

means. The transaction time on a Confirmation may be quoted in Central European Time (CET) or Central European Summer Time (CEST)

15. Individual Transactions concluded under these Terms and Conditions can be cancelled or amended only on the basis of an agreement between the Bank and the Client and where technically possible. This is without prejudice to the right to terminate a Transaction under point 2 of Article VII in these Terms and Conditions.

16. In cases where a Transaction is concluded by a Client – Nonconsumer, the Bank shall be entitled to unilaterally rescind any Transaction if the Transaction was, in the Bank's justified opinion, concluded under "non-market conditions". For the purposes of these Terms and Conditions, non-market conditions shall mean the agreement of a transaction parameter that is highly non-standard, e.g. one that is extremely advantageous or disadvantageous for the Bank or the Client – Nonconsumer compared to the standard conditions existing in the interbank market at the time of conclusion of the Transaction in question. The Transaction that in the Bank's opinion is concluded under non-market conditions shall be rescinded from the moment of notification by telephone or delivery of written notice of termination of the Transaction from the Bank to the Client – Nonconsumer whereas delivery shall be regulated by the applicable provisions of the Code of Civil Procedure. If the Bank notifies the Client of rescission of the Transaction by telephone, the Bank shall be obliged to send the Client – Nonconsumer follow-up written notification of the rescission of the Transaction but the non-delivery of such written confirmation shall not affect the rescission of the given Transaction.

17. The Bank and the Client may conclude a written agreement permitting the submission of Client's Orders by other means, e.g. telephone or other media providing clear evidence of the Client's Orders. The use of other forms of Client's Order as irrefutable proof of submission of a Client's Order shall be regulated mutatis mutandis by applicable provisions of these Terms and Conditions.

18. The Client's Order must include the information required by the Bank, in particular:

- a) The full and precise identification of the Client;
- b) Specification of the Account from which the price of the Transaction shall be debited, or to which proceeds from the Transaction shall be credited. If no Account is specified in the Client's Order, the Bank can use any Account, or designate an account to which the Client shall be obliged to pay the price for the Transaction;
- c) The requested specification and parameters of the Transaction;

d) The validity period of the Client's Order. If the Client does not set a validity period for the Client's Order, the Bank shall consider the Client's Order valid for three Business Days from its date of issuing;

e) The date of issuing and the Client's signature, which must be in accordance with the signature specimens held by the Bank.

19. The Client's Order must be delivered by the deadline set by the Bank. The Bank shall not be liable for losses that the Client incurs or may incur in connection with a failure to comply with the requirements relating to the particulars of the Client's Order and the deadline for delivery.

20. A Client's Order can only be cancelled before the validity time of the Order and only if it has not been executed and the Bank is able to cancel it. The Client's Order can be changed only by cancelling the original Client's Order and by submitting a new Client's Order.

21. The Client is entitled to request information on the execution of the Client's Order.

22. If the Client is classified under the Securities Act as a "Non-Professional Client" or "Professional Client", the Bank will execute the Client's Order in accordance with the Bank's Strategy for the execution of orders in force and effect, which the Client can find on the Website in the section <https://www.csob.sk/pravne-informacie#mifid>, with a view to ensuring achievement of the best possible result for the Client. By signing the Framework Agreement, the Client agrees with the execution of the Order outside the trading venue. Unless the Client stipulates otherwise for the given order, the Client's submission of an order also expresses agreement with the non-disclosure of a limit order for shares and ETFs if the Order was not executed immediately.

23. The Special Method of Transaction Conclusion is available solely to a Client who is a private banking Client of the Bank. Communication between the Client and the Private Banker shall be regulated mutatis mutandis by the provisions governing communication between the Bank and the Client, in particular the provisions relating to the use of recorded telephone conversations and the use of a UIC for identification of the Client. For the purposes of points a) to 1.g) of this point 23, the word Client means a Client who is a private banking client of the Bank:

a) If the Client wishes to conclude a Transaction through a Private Banker, he/she must submit at least minimum particulars of the requested Transaction (hereinafter in this point the "**Deal Parameters**").

b) The Private Banker will communicate the Deal Parameters to the Dealer who will provide indicative conditions under which the Bank would conclude a Transaction with the Client based on the Client's desired Deal Parameters valid at the time of

communication between the Private Banker and the Dealer on the Deal Parameters, or the indicative conditions under which it would be able to execute the Client's Order (hereinafter in this point the "**Indicative Conditions**"). The Private Banker will then communicate the Indicative Conditions to the Client.

c) If the Client unconditionally accepts the offered Indicative Conditions, it shall give the Private Banker a Client's Order to conclude a Transaction, which must include the Deal Parameters and agreement with the Indicative Conditions (the Client's agreement with the Indicative Conditions is adequately expressed by the Client's signature on the Client's Order or consent given by telephone). After receiving a Client's Order to conclude a Transaction, the Private Banker contacts the Dealer and gives them a request to conclude a Transaction as specified in the Client's Order to conclude a Transaction (hereinafter in this point the "**Request to conclude a Transaction**"). If the Client does not accept the Indicative Conditions or accepts them only conditionally, the Bank shall not be obliged to conclude a Transaction with the Client.

d) If during the period between the offer of the Indicative Conditions and the submission of the Request to conclude a Transaction, the conditions in the interbank market change to the extent that in the Dealer's opinion the Indicative Conditions are no longer up-to-date or correct and the Bank could conclude the Transaction with the Client only under other conditions that would be less favourable for the Client than those in the Indicative Conditions, the Dealer shall be entitled on behalf of the Bank, to reject the Transaction and to propose to the Client new indicative conditions under which the Bank would conclude a Transaction based on the Deal Parameters at the time of submission of the Request to conclude a Transaction (hereinafter in this point the "**New Indicative Conditions**"). The Private Banker will then inform the Client of the rejection of the Request to conclude a Transaction and present the New Indicative Conditions.

e) If the Client accepts the New Indicative Conditions without reservation, the procedure set out in points c) and d) above shall be followed. If the Client does not accept the New Indicative Conditions or accepts them only conditionally, the Bank shall not be obliged to conclude a Transaction with the Client.

f) If the Dealer accepts a Request to conclude a Transaction, the Bank shall conclude a Transaction with the Client in accordance with the Request to conclude a Transaction. The Private Banker shall then inform the Client of the conclusion of the Transaction.

g) A Client's request to conclude a Transaction is deemed to be submission of an Order relating to Financial Instruments unless the Bank proposes New Indicative Conditions to the Client.

## Article IV. Transactions

### A) Foreign Exchange Trades

The conditions for the conclusion of Foreign Exchange Trades are provided for below.

#### 1. Foreign Exchange Transactions

1.1. For the purposes of Foreign Exchange Transactions all terms with an initial capital letter (except the titles of headings or points) in points 1.1 to 1.12 of this Article shall have the meaning as stated under this point:

**“Quote Currency Amount”** means the volume of funds in the Base Currency converted at the Exchange Rate to the Quote Currency.

**“Base Currency Amount”** means the volume of funds expressed in the Base Currency.

**“Foreign Exchange Transaction”** means a Spot Transaction, Forward Transaction or Foreign Exchange Swap.

**“Foreign Exchange Swap”** is an agreement between the Bank and the Client on the execution of two consecutive Foreign-Exchange Transactions – a Spot Transaction and a Forward Transaction with different settlement dates, in which the Exchange Rates at which the two Transactions will be executed are set at the same time. The Contracting Parties agree on the purchase or sale of a certain amount of one valid currency for a certain amount of another valid currency and simultaneously agree on the resale or repurchase of the given amount of currency after an agreed period at the Exchange Rate agreed in advance for the first leg of the transaction (the purchase or sale) and the second leg of the transaction (the resale or repurchase).

**“Principal Currency”** or **“Base Currency”** means the currency agreed between the Contracting Parties and recorded in the Confirmation as the object of Conversion.

**“Combined Order”** (or **“One-cancels-the-other order”** or **“O/C/O Order”**) – means that the Client specifies Take-Profit and Stop-Loss Exchange Rates for a given Conversion at the same time. If one of these Exchange Rates is struck while the order is in effect, the Bank will execute that part of order and at the same time stop monitoring the other side of the order.

**“Termination Date”** means the Business Day agreed between the Contracting Parties and recorded in the Confirmation as the last day of the Swap Period.

**“Conversion”** means a transaction in which a fixed quantity of the Base Currency is bought/sold for an amount of the Quote Currency determined according to the Exchange Rate.

**“Buyer of the Base Currency”** or **“Buyer”** means the person determined by agreement of the Contracting Parties to purchase the Base Currency.

**“Exchange Rate”** or **“Spot Exchange Rate”** or **“Forward Exchange Rate”** means the exchange rate expressing the quantity of the Quote Currency that is needed for the purchase of the Base Currency or vice versa and which the Contracting Parties agree on the Trade Date and which is recorded in the Confirmation. The Exchange Rate represents the price of the Transaction in a Foreign Exchange Transaction.

**“Exchange Rate Loss”** means the loss caused by cancellation of an agreed Foreign Exchange Transaction that arose due to a difference between the agreed Exchange Rate and the Exchange Rate in effect at the time of cancellation of the Foreign Exchange Transaction.

**“Currency Pair”** means the Base Currency and Quote Currency for Conversion.

**“Notional Amount”** means the notional amount agreed by the Contracting Parties and recorded in the Confirmation which is used to calculate payments that the Contracting Parties make for Foreign Exchange Swaps.

**“Initial Conversion”** means conversion of the Notional Amount on the Effective Date.

**“Effective Date”** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation that is the first day of the Swap Period.

**“Seller of the Base Currency”** or **“Seller”** means the person determined by the agreement of the Contracting Parties to sell the Base Currency

**“Spot Foreign Exchange Transaction”** or **“Spot Transaction”** means a transaction in which Conversion takes place no more than two Business Days after the conclusion of the Transaction, unless the Confirmation stipulates otherwise. In the case of a Spot Transaction, the Bank reserves the right to change or defer the Conversion and transfer of funds compared to the date set in the previous sentence in the event that the Conversion Date is not a Business Day in the country where the main financial centre for the traded currency is situated; in this case the Bank shall settle the Spot Transaction on the next following date that is a Business Day in the country in question and in the Slovak Republic.

**“Stop-Loss Order”** or **“SL Order”** – the Client specifies an Exchange Rate that is less advantageous for it than the Exchange Rate in force at the time of submission of the order with the request that Conversion be carried out as soon as this price is struck in order to prevent a further worsening of exchange conditions.

**“Swap Period”** means the period between the Effective Date and the Termination Date as agreed by



the Contracting Parties and recorded in the Confirmation.

**“Take-Profit Order”** or **“TP Order”** – The Client specifies an Exchange Rate that is more advantageous for it than the Exchange Rate in force at the time of submission of the order and at which they wish the Conversion to be executed.

**“Forward Foreign Exchange Transaction”** or **“Forward Transaction”** means a transaction in which settlement takes place more than two Business Days after conclusion, using the Forward Exchange Rate agreed in advance. A Forward Transaction may be carried out OTC or through an organised market where standardised contracts (volumes) are traded.

**“Secondary Currency”** or **“Quote Currency”** means the currency agreed by the Contracting Parties and recorded in the Confirmation as the currency other than the Base Currency in Conversion.

1.2. The object of a Foreign Exchange Transaction is:

- a) Permanent or temporary acquisition of a quantity of any valid currency different from the currency that the Client is selling by means of the sale of an amount of another valid currency;
- b) provision for the Conversion of the Client's funds at an Exchange Rate agreed in advance, in connection with Payment Orders or in connection with transfers or payments received by the Bank for the Client's benefit.

1.3. In order to conclude a Foreign Exchange Transaction the Bank and the Client must agree on at least the following parameters of the Foreign Exchange Transaction unless other regulations stipulate otherwise:

- the type of Foreign Exchange Transaction, i.e. a Spot or Forward Transaction or a Foreign Exchange Swap;
- the currency that the Client will sell;
- the currency that the Client will buy;
- the identification of the Base Currency and of the Quote Currency;
- the Base Currency Amount;
- information as to whether the Client wants to buy or sell the Base Currency;
- the method for settling the Foreign Exchange Transaction i.e. specification of the Account in which the Client will ensure there are sufficient funds to cover the Transaction or to which funds will be credited;
- the Settlement Date;
- the Swap Period (for Foreign Exchange Swaps).

(The **“Parameters of the Foreign Exchange Transaction”**)

1.4. In addition to the Parameters of the Foreign Exchange Transaction, the Contracting Parties must agree on the Exchange Rate, which the Bank will quote to the Client based on the Parameters of the Foreign Exchange Transaction. On receiving the Bank's quoted Exchange Rate, the Client must clearly express consent for the Parameters of the Foreign Exchange Transaction by the means laid down in point 10 of Article III **Communication with the Bank and the method for concluding Transactions** in these Terms and Conditions. The expression of acceptance of the Exchange Rate from the side of the Client during communication between the Client and the Bank will be deemed the decisive time of conclusion of the Foreign Exchange Transaction.

1.5. The Bank shall be obliged to procure settlement of the Foreign Exchange Transaction at the agreed Exchange Rate provided that the Client has fulfilled all conditions for the Foreign Exchange Transaction at the Settlement Date. Regardless of the content of the Confirmation, the Bank shall be entitled to execute a Spot Transaction later if the Conversion Date is not a Business Day in the country where the main financial centre for the traded currency is situated; in this case the Bank shall settle the Spot Transaction on the next following date that is a Business Day in the country in question and in the Slovak Republic.

1.6. The procedure for settling the Foreign Exchange Transaction shall be as follows: (i) the Client transfers the agreed amount of the currency that the Client is selling to the agreed account and the Bank transfers to the Account the agreed amount of the currency that the Client is buying no later than the Settlement Date, or (ii) a Payment Order will be submitted, and Conversion takes place in connection with the Payment Order, or (iii) the Bank will accept funds for the benefit of the Client. The Contracting Parties have agreed that an Initial Exchange will be made in the case of Foreign Exchange Swaps.

1.7. The Bank shall be obliged to carry out its undertaking – the delivery of the currency that the Client is buying – on the Settlement Date only if the Client fulfils the undertaking to deliver the Currency that it is selling or have fulfilled the obligation to submit a Payment Order in the event of Conversion pursuant to point 1.2 b) of this Article of the Terms and Conditions no later than the same Business Day as the day on which the connected Foreign Exchange Transaction was concluded. If the Client does not fulfil the undertakings as specified in the previous sentence or another undertaking resulting from the Transaction, the Bank shall be entitled to withdraw from the given Foreign Exchange Transaction, to terminate the Foreign Exchange Transaction or delay fulfilment of its undertaking until the Client fulfils its undertaking or

provides the Bank with adequate collateral to secure fulfilment of the Client's undertaking. If the Foreign Exchange Transaction is cancelled, a reverse Foreign Exchange Transaction will be carried out with the same Currency Pair and volume of funds, at an Exchange Rate determined according to the conditions in effect in the foreign exchange markets at the moment of quotation of the Exchange Rate on the date of execution of the reverse Foreign Exchange Transaction. The other rights of the Bank in connection with the violation of duties on the side of the Client shall be unaffected.

1.8. Spot Transactions for payment abroad in any currency or for domestic payments in a currency other than EUR shall be settled with Value Date of two Business Days; and transfers between Accounts in the Bank and domestic payment operations made from foreign currency Accounts shall be settled with Value Date when the Spot Transaction is made unless legislation or trading rules stipulate otherwise.

1.9. If the Client wishes to cancel an agreed Foreign Exchange Transaction it must notify the Bank as soon as possible after becoming aware of the reason for cancellation and no later than 14:00 on the Settlement Date for the Foreign Exchange Transaction, unless the Bank accepts a later deadline. The Bank will then propose the cancellation of the Foreign Exchange Transaction by making a reverse Foreign Exchange Transaction with the same Currency Pair and volume of currency and the same Settlement Date as that agreed for the Foreign Exchange Transaction that is to be cancelled (the **"New Foreign Exchange Transaction"**). The Exchange Rate of the New Foreign Exchange Transaction cancelling the original Foreign Exchange Transaction shall be set according to current conditions in the foreign exchange markets at the moment of quotation of the Exchange Rate. The Bank will inform the Client of the parameters of the New Foreign Exchange Transaction (including indicative information on the Exchange Rate) so that the Client can inform the Bank whether it accepts the conditions of the New Foreign Exchange Transaction or wish to conclude the original Foreign Exchange Transaction before 14:30 CET/CEST on the Settlement Date for the original Foreign Exchange Transaction, unless the Bank accepts a later deadline. If the Client does not accept the conditions of the New Foreign Exchange Transaction or does not respond by the given deadline and there are sufficient funds on the Client's account in the Bank to cover the original Foreign Exchange Transaction, the Bank will execute the original Foreign Exchange Transaction.

1.10. If after conclusion of the Foreign Exchange Transaction the Client does not have sufficient funds in the currency that the Client proposed to sell, the Bank shall be entitled to cancel the Foreign Exchange Transaction by carrying out the New Foreign Exchange

Transaction. The Exchange Rate of the New Foreign Exchange Transaction cancelling the original Foreign Exchange Transaction shall be set according to current conditions in the foreign exchange markets at the moment of quotation of the Exchange Rate. The Bank will inform the Client of the parameters of the New Foreign Exchange Transaction (including indicative information on the Exchange Rate) so that the Client can inform the Bank whether it accepts the conditions of the New Foreign Exchange Transaction before 14:30 CET/CEST on the Settlement Date for the original Foreign Exchange Transaction, unless the Bank accepts a later deadline. If the Client does not accept the conditions of the New Foreign Exchange Transaction or does not respond by the given deadline and there are not sufficient funds on the Client's account in the Bank to cover the original Foreign Exchange Transaction, the Bank shall be entitled to execute the New Foreign Exchange Transaction and thereby cancel the original Foreign Exchange Transaction using the current Exchange Rate set based on current conditions in foreign exchange markets at the moment of quotation of the Exchange Rate at the time of execution of the New Foreign Exchange Transaction.

1.11. If the procedure under points 1.7, 1.9 or 1.10 of this Article of the Terms and Conditions results in an Exchange Rate Loss, the Client shall bear the Exchange Rate Loss in full and hereby gives the Bank unconditional permission to collect a sum equal to the Exchange Rate Loss from the Account. The Bank shall bear no liability for any losses that the Client incurs as a result of execution of the New Foreign Exchange Transaction or termination of the Foreign Exchange Transaction.

1.12. The Contracting Parties have agreed that the minimum limit for execution of a Foreign Exchange Transaction pursuant to point 1.2 b) of this Article of the Terms and Condition is set by the Bank as EUR 4 000 for each Payment Order or received payment other than a received SEPA payment as defined in the General Business Terms and Conditions. For a received SEPA payment, the minimum limit for execution of a Foreign Exchange Transaction pursuant to point 1.2 b) of this Article of the Terms and Condition is set by the Bank as EUR 20 000 for each received SEPA payment.

## **2. Foreign Exchange Options**

2.1. For the purposes of Foreign Exchange Options all terms with an initial capital letter (except the titles of headings or points) in points 2.1 to 2.12 of this Article shall have the meaning as stated under this point:

**"Current Market Rate"** means the exchange rate set by the Bank as the arithmetical average of current market exchange rates at which a Spot Transaction in the Currency Pair agreed in the Foreign Exchange

Option could be exercised at 10:00 New York time (unless the Contracting Parties agree on another time) on the Exercise Date for the Foreign Exchange Option (bid and ask).

“**Principal Currency Amount**” or “**Base Currency Amount**” means the sum of funds expressed in the Base Currency.

“**Secondary Currency Amount**” or “**Quote Currency Amount**” means the sum of funds expressed in the Quote Currency.

“**Exercise Time for the Option**” means the time on the Exercise Date for the Foreign Exchange Option by which the Foreign Exchange Option must be exercised as agreed by the Contracting Parties and recorded in the Confirmation.

“**Exercise Date for the Foreign Exchange Option**” means the date when the Foreign Exchange Option is or can be exercised, as agreed by the Contracting Parties and recorded in the Confirmation. If the Exercise Date for the Foreign Exchange Option specified in the Confirmation is not a Business Day, the Exercise Date for the Foreign Exchange Option shall be considered to be the next Business Day following the agreed date.

“**Foreign Exchange Call Option**” means the right but not the obligation of the Option Purchaser to buy the Base Currency for the Quote Currency in a Spot Transaction at the agreed Exchange Rate on the Exercise Date for the Foreign Exchange Option.

“**Foreign Exchange Option**” means a Foreign Exchange Call Option or Foreign Exchange Put Option. Basic information on Foreign Exchange Options is given in point II of Annex 1 in these Terms and Conditions.

“**Foreign Exchange Put Option**” means the right but not the obligation of the Option Purchaser to sell the Base Currency for the Quote Currency in a Spot Transaction at the agreed Exchange Rate on the Exercise Date for the Foreign Exchange Option.

“**Principal Currency**” or “**Base Currency**” means the currency agreed between the Contracting Parties and recorded in the Confirmation as the object of Conversion.

“**Automatic exercise value**” – means:

(i) in the case of a Foreign Exchange Call Option:  
Automatic exercise value = Base Currency Amount × (Current Market Rate – Strike Price); minimum 0;

(ii) in the case of a Foreign Exchange Put Option:  
Automatic exercise value = Base Currency Amount × (Strike – Current Market Rate); minimum 0;

“**Option Purchaser**” means the Contracting Party that is entitled to exercise the Foreign Exchange Option under the contract.

“**Exchange Rate**” means an exchange rate expressing the quantity of the Quote Currency that is needed for the purchase of the Base Currency or vice versa and which the Contracting Parties agree on the Trade Date.

“**Currency Pair**” means the Base Currency and Quote Currency for Conversion.

“**Option Writer**” means the Contracting Party that is obliged to perform the terms of the Foreign Exchange Option under the contract if the option is exercised.

“**Premium**” means the purchase price of the Foreign Exchange Option.

“**Spot Foreign Exchange Transaction**” or “**Spot Transaction**” means a transaction in which Conversion takes place no more than two Business Days after the conclusion of the Transaction, unless the Confirmation stipulates otherwise. In the case of a Spot Transaction, the Bank reserves the right to change or defer the Conversion and transfer of funds compared to the date set in the previous sentence in the event that the Conversion date is not a Business Day in the country where the main financial centre for the traded currency is situated; in this case the Bank shall settle the Spot Transaction on the next following date that is a Business Day in the country in question and in the Slovak Republic.

“**Strike Price**” means the Exchange Rate at which the Option Purchaser can exercise the Foreign Exchange Option on the Exercise Date for the Foreign Exchange Option, as agreed between the Contracting Parties on the date when the Foreign Exchange Option is concluded, and specified in the Confirmation.

“**Forward Foreign Exchange Transaction**” or “**Forward Transaction**” means a transaction in which settlement takes place more than two Business Days after conclusion, using the Forward Exchange Rate agreed in advance. A Forward Transaction may be carried out OTC or through an organised market where standardised contracts (volumes) are traded.

“**Secondary Currency**” or “**Quote Currency**” means the currency agreed by the Contracting Parties and recorded in the Confirmation as the currency other than the Base Currency in Conversion.

2.2. The object of a Foreign Exchange Option is the right but not the obligation of the Option Purchaser to buy (in the case of a Foreign Exchange Call Option) or sell (in the case of a Foreign Exchange Put Option) the Base Currency for the Quote Currency at the agreed Exchange Rate in a Spot Transaction on the Exercise Date for the Foreign Exchange Option.

2.3. In order to conclude a Foreign Exchange Option the Bank and the Client must agree on at least

the following parameters of the Foreign Exchange Option unless other regulations or agreement of the Contracting Parties stipulate otherwise:

- the identification of the Option Purchaser and the Option Writer;
- the identification of the Base Currency and of the Quote Currency;
- the Base Currency Amount;
- the amount of the Premium;
- the Strike Price;
- the Exercise Date for a Foreign Exchange Option;
- the Exercise Time for a Foreign Exchange Option.

2.4. The Premium must be paid within two Business Days of the conclusion of the Foreign Exchange Option. If the Client is obliged to pay the Premium, it hereby gives the Bank unconditional permission to collect an amount equal to the Premium from the Account.

2.5. The Foreign Exchange Option shall be exercised automatically if the Automatic Exercise Value is reached on the Exercise Date for the Foreign Exchange Option (in the case of a “European option”), unless the Contracting Parties agree on another Business Day (an “American Option”). Automatic exercise shall be excluded if the Option Purchaser notifies the Option Writer by telephone or in writing that it does not wish the Option to be exercised automatically before the Exercise Date for the Foreign Exchange Option.

2.6. The provisions of points 1.5 to 1.11 of this Article of the Terms and Conditions shall apply to Foreign Exchange Options mutatis mutandis.

### **Order for a Spot Transaction or Forward Transaction**

2.7. The Client may make out to the Bank a binding order to execute a Spot or Forward Transaction depending on developments in the foreign exchange markets (hereinafter only a “**Foreign Exchange Order**”). The Client shall be obliged to agree the conditions of the Foreign Exchange Order with the Bank and to specify at least the following particulars in communication with the Bank:

- the type of Foreign Exchange Transaction, i.e. a Spot or Forward Transaction;
- the type of Foreign Exchange Order (T/P order, S/L order, O/C/O order);
- the desired Exchange Rate(s);

- the Currency Pair that will be monitored for a Spot or Forward Transaction pursuant to the Foreign Exchange Order,
- the identification of the Base Currency and the volume of the Base Currency;
- information as to whether the Client wants to buy or sell the Base Currency;
- the method for settlement;
- the validity period of the Foreign Exchange Order (from–to, specified to the hour, or to the next moment not specified in more detail, GTC).

2.8. The Bank shall verify the possibility and method for executing the Foreign Exchange Order. If the Bank decides that all the conditions have been met for acceptance of the Foreign Exchange Order, it shall notify the Client of this (by telephone). The Bank shall monitor the foreign exchange markets for fulfilment of the conditions specified in the Client’s Foreign Exchange Order from the moment when the Bank accepts the Foreign Exchange Order.

2.9. The Bank is obliged to execute the Foreign Exchange Order as soon as conditions on the foreign exchange market permit. The Bank shall notify the Client of the execution of the Foreign Exchange Order and confirm it in writing by means of a Confirmation no later than the end of the following Business Day.

2.10. A Spot or Forward Transaction shall be executed pursuant to the Foreign Exchange Order at the moment when conditions on the foreign exchange market fulfil all the parameters for the Foreign Exchange Order agreed between the Client and the Bank. If a Foreign Exchange Order is executed, the Bank shall be obliged to make provision for settlement of the Spot Transaction or Forward Transaction at the agreed Exchange Rate provided that the Client has fulfilled all conditions for the Spot Transaction or Forward Transaction within the validity period for the Spot or Forward Transaction.

2.11. The Client may revoke the Foreign Exchange Order up to the time when the Bank begins execution of the Foreign Exchange Order in response to conditions in the foreign exchange market.

2.12. The Client is entitled to request information on the execution of the Foreign Exchange Order. If the Foreign Exchange Order has not been executed and the Bank is able to cancel it, the Client shall be entitled to cancel the submitted Foreign Exchange Order.

### **3. *intentionally left blank***

3.1. *intentionally left blank*

## B) Commodity Transactions

The conditions for conclusion of Commodity Transactions are set out below.

### 4. Commodity Options

4.1. For the purposes of Commodity Options all terms with an initial capital letter (except the titles of headings or points) in points 4.1 to 4.5 of this Article shall have the meaning as stated under this point:

**“Price Differential”** means the price set by the Bank in relation to the Unit, which is equal to (i) in the case of a Commodity Put Option the positive difference between the Strike Price and the Floating Price and (ii) in the case of a Commodity Call Option the positive difference between the Floating Price and the Strike Price.

**“Exercise Date for the Commodity Option”** means the date when the Commodity Option is or can be exercised, as agreed by the Contracting Parties and recorded in the Confirmation. If the Exercise Date for the Commodity Option specified in the Confirmation is not a Business Day, the Exercise Date for the Commodity Option shall be considered to be the next Business Day following the agreed date.

**“Date of setting the Reference Price”** means the date agreed by the Contracting Parties and specified in the Confirmation, on which the Bank sets the Reference Price.

**“Unit”** means the unit quantity of the Commodity agreed between the Contracting Parties using metric units or another method enabling exact specification.

**“Calculation Period”** means the period agreed by the Contracting Parties for which the Exercise Settlement Amount is calculated.

**“Commodity”** means the goods (commodity) that the Contracting Parties agree on as the Commodity. If not indicated expressly otherwise in the Confirmation, the Commodity shall have the meaning defined in detail in the document “2005 ISDA Commodity Derivatives Definitions” produced and published by the ISDA organisation.

**“Commodity Call Option”** means the right of the Option Purchaser to receive the Exercise Settlement Amount on exercise of the Option, provided that the Floating Price is higher than the Strike Price for the Calculation Period in question.

**“Commodity Option”** means a Commodity Call Option or Commodity Put Option without physical delivery of the Commodity, whose underlying asset is the Commodity, whose price movements are used to determine the Exercise Settlement Amount on Exercise Date for the Commodity Option.

**“Commodity Put Option”** means the right of the Option Purchaser to receive the Exercise Settlement

Amount on exercise of the Option, provided that the Floating Price is lower than the Strike Price for the Calculation Period in question.

**“Option Purchaser”** means the Contracting Party that is entitled to exercise the Commodity Option under the Contract.

**“Transaction Currency”** means the Currency in which the Strike Price, the Reference Price, the Floating Price and the Premium are specified.

**“Transaction Volume”** means the total number of Units of the Commodity.

**“Transaction Effective Date”** means the first Business Day of the first Calculation Period defined in the Confirmation.

**“Floating Price”** means the price for a Unit of the Commodity determined by the Bank for the automatic exercise of the Commodity Option in accordance with these Terms and Conditions.

**“Option Writer”** means the Contracting Party that is obliged to perform the terms of the Commodity Option if the option is exercised.

**“Premium”** means the purchase price of the Commodity Option.

**“Reference Price”** means the price for one Unit of the Commodity determined by the Bank from prices published or reported by an exchange or other price information source; The Reference Price is determined on the Date for Setting the Reference Price. Price information source shall, unless expressly agreed otherwise, have the meaning laid down in the document “2005 ISDA Commodity Derivatives Definitions” produced and published by the ISDA organisation.

**“Strike Price”** means the fixed price per Unit for the Calculation Period agreed by the Contracting Parties and indicated in the Confirmation.

**“Exercise Settlement Amount”** means the amount payable by the Option Writer to the Option Purchaser on satisfaction of the agreed suspensive conditions and which shall be determined by the Bank according to the following formula:

$$\text{Exercise Settlement Amount} = \text{Transaction Volume for the Calculation Period} \times \text{Price Differential}$$

4.2. The object of a Commodity Option is an agreement between the Bank and the Client under which the Option Writer is obliged to pay the Exercise Settlement Amount on exercise of the Commodity Option.

4.3. The Commodity Option shall be deemed concluded if the Bank and the Client agree on the following parameters, unless respective legislation or

agreement of the Contracting Parties stipulates otherwise:

- the Commodity and the Unit;
- the Transaction Currency;
- identification of the Option Purchaser and the Option Writer;
- the amount of the Premium;
- the Strike Price;
- the Calculation Period;
- the Exercise Date for the Commodity Option;
- the Date for Setting the Reference Price;

4.4. The exercise of a Commodity Option shall always take place automatically if, in Commodity Call Options the Floating Price for the Calculation Period in question is higher than the Strike Price and in Commodity Put Options the Floating Price for the Calculation Period in question is lower than the Strike Price.

4.5. Exercise of the Commodity Option creates an obligation for the Option Writer to pay the Exercise Settlement Amount. The Contracting Parties acknowledge that Commodity Option transactions are transactions **WITHOUT PHYSICAL DELIVERY, i.e. NEITHER OF THE CONTRACTING PARTIES IS OBLIGED OR ENTITLED TO SUPPLY A COMMODITY** and all rights and obligations of the Contracting Parties relate only to the prices of the Commodity and the Option, in particular to payment of the Exercise Settlement Amount and the Premium.

## 5. Commodity Swaps

5.1. For the purposes of Commodity Swaps all terms with an initial capital letter (except the titles of headings or points) in points 5.1 to 5.5 of this Article shall have the meaning as stated under this point:

**“Date of setting the Reference Price”** means the date agreed by the Contracting Parties and specified in the Confirmation, on which the Bank sets the Reference Price.

**“Unit”** means the unit quantity of the Commodity agreed between the Contracting Parties using metric units or another method enabling exact specification.

**“Calculation Period”** means the period agreed by the Contracting Parties for which the values of the Floating Amount and/or the Fixed Amount are calculated.

**“Commodity”** means the goods (commodity) that the Contracting Parties agree on as the Commodity. If not indicated expressly otherwise in the Confirmation, the Commodity shall have the meaning defined in detail in the document “2005 ISDA Commodity Derivatives Definitions” produced and published by the ISDA organisation.

**“Commodity Swap”** means the swap of the Fixed Amount and the Floating Amount for a period of time limited by the duration of the Calculation Period, whose level depends on changes in the price of the Commodity concerned during an agreed period in the future. One of the parties agrees to pay the other party a predetermined, fixed price for the Commodity (the Fixed Amount) in exchange for receiving payments from the other party based on the market price of the Commodity concerned (the Floating Amount).

**“Termination Date”** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation as the last day of the Calculation Period after which settlement of the Commodity Swap for the given Swap Period will take place.

**“Transaction Currency”** means the currency in which the Fixed Price and Floating Price of the Commodity Units are expressed.

**“Transaction Volume”** means the total number of Units of the Commodity.

**“Fixed Price”** means the price of a Unit of the Commodity agreed by the Contracting Parties at the conclusion of the Transaction as fixed price.

**“Fixed Amount”** means the amount specified by the Bank that the Payer of the Fixed Amount is obliged to pay to the Payer of the Floating Amount on fulfilment of other conditions, on the Settlement Date for the Calculation Period in question and which is (i) set for the Calculation Period in question or (ii) calculated as the product of the Transaction Volume and the Fixed Price if the Fixed Amount is not set in accordance with (i).

**“Payer of the Fixed Amount”** means the Contracting Party that is obliged to pay the Fixed Amount on the Settlement Date for the respective Calculation Period.

**“Payer of the Floating Amount”** means the Contracting Party that is obliged to pay the Floating Amount on the Settlement Date for the respective Calculation Period.

**“Transaction Effective Date”** means the first Business Day of the first Calculation Period defined in the Confirmation.

**“Floating Price”** means a price for a Unit of the Commodity calculated by the Bank and recorded in the Confirmation as floating price.

**“Floating Amount”** means the amount specified by the Bank that the Payer of the Floating Amount is obliged to pay to the Payer of the Fixed Amount on fulfilment of other conditions, on the Settlement Date for the Calculation Period in question and which is (i) set for the Calculation Period in a manner specified in the Confirmation; or (ii) calculated as the product of the Transaction Volume and the Floating Price if the

method of determining the Floating Amount is not specified in the Confirmation.

**“Reference Price”** means the price for one Unit of the Commodity determined by the Bank from prices published or reported by an exchange or other price information source; The Reference Price is determined on the Date for Setting the Reference Price. Price information source shall, unless expressly agreed otherwise, have the meaning laid down in the document “2005 ISDA Commodity Derivatives Definitions” produced and published by the ISDA organisation.

**“Swap Period”** means the period between the Effective Date and the Termination Date of the Transaction as agreed by the Contracting Parties and recorded in the Confirmation.

5.2. The object of a Commodity Swap is an agreement between the Bank and the Client on the obligation of the Payer of the Fixed Amount to make a single or repeated payment of the Fixed Amount to the Payer of the Floating Amount and the obligation of the Payer of the Floating Amount to make a single or repeated payment of the Floating Amount to the Payer of the Fixed Amount.

5.3. In order to conclude a Commodity Swap, the Bank and the Client must agree on at least the following parameters of the Commodity Swap:

- the Commodity and the Unit;
- the Transaction Currency;
- the Transaction Volume;
- the Fixed Price;
- the Payer of the Fixed Price;
- the Payer of the Floating Price;
- the Calculation Period;
- the Date for Setting the Reference Price;
- the Settlement Date;
- the Swap Period(s).

5.4. A Commodity Swap is concluded from the moment when the Contracting Parties agree on the above particulars of the Commodity Swap. The Contracting Parties are also obliged to pay the Fixed Amount and Floating Amount agreed for the swap on the Settlement Date. The Bank and the Client take note that Commodity Swap transactions are transactions **WITHOUT PHYSICAL DELIVERY, i.e. NEITHER OF THE CONTRACTING PARTIES IS OBLIGED OR ENTITLED TO SUPPLY A COMMODITY** and all rights and obligations of the Contracting Parties relate only to the prices of the Commodity, in particular to payment of the Fixed Amount or the Floating Amount.

5.5. If it was agreed at the conclusion of the Commodity Swap that the Floating Price will be set by means of a Commodity Reference Price, the Bank will determine the value of the Commodity Reference Price to be applied for the Swap Period two Business Days

before the agreed effective date of the Swap Period, unless the Contracting Parties agree otherwise.

## **6. Commodity Transactions with Unallocated Gold**

6.1. For the purposes of Commodity Transactions with Unallocated Gold all terms with an initial capital letter (except the titles of headings or points) in points 6.1 to 6.4 of this Article shall have the meaning as stated under this point:

**“Commodity Transaction with Unallocated Gold”** means a Reverse Transaction with Unallocated Gold or Spot Transaction with Unallocated Gold.

**“Commodity Account”** means an internal evidence account opened in the Bank on the name of the Client denominated “CLIENT NAME” on which the Bank registers the Unallocated Gold acquired by the Client.

**“Buyer”** means a person determined by the agreement of the Contracting Parties which buys the Unallocated Gold.

**“London Bullion Market Association”** means the international commercial association having its seat in London covering, among others, trades with Unallocated Gold on the London gold exchange.

**“Unallocated Gold”** means physically unallocated gold meeting the currently valid standards of the London Bullion Market Association for delivery and purity.

**“Volume of Unallocated Gold”** means the volume of Unallocated Gold invested by the Client in the case of a Reverse Transaction with Unallocated Gold or sold by the Seller in the case of a Spot Transaction with Unallocated Gold.

**“Seller”** means the person identified as the seller of the Unallocated Gold in the agreement of the Contracting Parties.

**“Reverse Transaction with Unallocated Gold”** means an individual type of Transaction in which the Client invests a Volume of Unallocated Gold, whereas on the agreed maturity date the Bank pays the Client the yield from the Reverse Transaction with Unallocated Gold, whereas the Bank has at the same time the right to decide whether the Volume of the Unallocated Gold shall be converted into an agreed currency and that with the Exchange Rate agreed between the Client and the Bank on the date of conclusion of the Reverse Transaction with Unallocated Gold.

**“Spot Transaction with Unallocated Gold”** means a Transaction in which Unallocated Gold is bought or sold for an agreed XAU exchange rate.

“Structured Transaction with Unallocated Gold” shall have the meaning as stated in point 13.1 of this part of the Terms and Conditions.

“**Transaction with Unallocated Gold**” means a Spot Transaction with Unallocated Gold, Commodity Transaction with Unallocated Gold and Structured Transaction with Unallocated Gold.

“**Yield**” means the sum of funds expressed in the agreed currency determined by the Contracting Parties at the time of conclusion of the Reverse Transaction with Unallocated Gold.

“**XAU exchange rate**” means an exchange rate which expresses the amount of a selected currency which is needed for the purchase of the Unallocated Gold and vice versa.

## 6.2. **Spot Transaction with Unallocated Gold**

6.2.1. The subject matter of a Spot Transaction with Unallocated Gold is the acquiring or selling of Unallocated Gold by the Client for the currently agreed XAU exchange rate.

6.2.2. For the purposes of concluding the Spot Transaction with Unallocated Gold, the Bank and the Client must agree on at least the following parameters of the Spot Transaction with Unallocated Gold:

- the identification of the Buyer and the Seller;
- the Volume of Unallocated Gold;
- a statement whether the Client intends to buy or sell the Unallocated Gold;
- the means of accounting settlement of the Spot Transaction with Unallocated Gold, i.e. the specification of the Commodity Account where the Client secures the Volume of the Unallocated Gold or the Account to which funds shall be transferred;
- the Settlement Date

(the “**Parameters of the Spot Transaction with Unallocated Gold**”).

6.2.3. Besides the Parameters of the Spot Transaction with Unallocated Gold the Contracting Parties shall agree on the XAU exchange rate which the Bank announces to the Client in connection with the Parameters of the Spot Transaction with Unallocated Gold. On receiving the Bank’s quoted XAU Exchange Rate, the Client must clearly express consent for the Parameters of the Spot Transaction with Unallocated Gold by the means laid down in point 10 of Article III **Communication with the Bank and the method for concluding Transactions** in these Terms and Conditions. The Client’s expression of the acceptance of the XAU exchange rate during communication between the Client and the Bank shall be considered the decisive term for conclusion of the Spot Transaction with Unallocated Gold.

6.2.4. For the purposes of Spot Transactions with Unallocated Gold, points 1.5 to 1.11 of this Article of the Terms and Conditions shall apply mutatis mutandis.

## 6.3. **Reverse Transaction with Unallocated Gold**

6.3.1. The subject matter of a Reverse Transaction with Unallocated Gold is an agreement of the Contracting Parties under which the Client invests a Volume of the Unallocated Gold, whereas the Bank shall pay to the Client on the Settlement Date the agreed Yield and at the same time has the right to convert the Unallocated Gold into agreed currency using the XAU exchange rate agreed between the Client and the Bank on the date of conclusion of the Reverse Transaction with Unallocated Gold. The right to determine whether the Volume of the Unallocated Gold shall be converted into agreed currency is vested exclusively with the Bank.

6.3.2. For the purposes of conclusion of the Reverse Transaction with Unallocated Gold the Bank and the Client shall agree on at least the following parameters of the reverse transaction with Unallocated Gold:

- the Volume of Unallocated Gold;
- the Yield;
- the XAU exchange rate;
- the Settlement Date;
- the means of accounting settlement of the Reverse Transaction with Unallocated Gold, i.e. specification of the Commodity Account where the Client secures the Volume of the Unallocated Gold or the Account to which funds shall be transferred;

(the “**Parameters of the Reverse Transaction with Unallocated Gold**”).

6.3.3. On receiving the Bank’s quoted parameters for the Reverse Transaction with Unallocated Gold, the Client must clearly express consent for the Parameters of the Reverse Transaction with Unallocated Gold by the means laid down in point 10 of Article III **Communication with the Bank and the method for concluding Transactions** in these Terms and Conditions. The Client’s expression of the acceptance of the Parameters of the Reverse Transaction with Unallocated Gold during communication between the Client and the Bank shall be considered the decisive term for conclusion of the Reverse Transaction with Unallocated Gold.

6.3.4. The Bank advises the Client that the Reverse Transaction with Unallocated Gold may represent for him/her a transaction **INVOLVING A RISK OF LOSS**, especially in the event of unfavourable changes in the inter-bank market.

6.3.5. The Client cannot dispose of the Volume of Unallocated Gold during the agreed period of the Reverse Transaction with Unallocated Gold. If for any



reason the Unallocated Gold is disposed of before termination of the agreed period, the Client shall not be entitled to the Yield.

#### 6.4. Commodity Account

6.4.1. The Contracting Parties have agreed that the Bank shall open and maintain a Commodity Account for the Client and that for the purpose of concluding the Transactions with Unallocated Gold. The use of the Commodity Account for other purpose than that stated above (e.g. transfer of the Unallocated Gold acquired other than on the basis of a contractual relationship with the Bank) is possible only with the Bank's prior written consent.

6.4.2. The Bank shall open the Commodity Account for the Client automatically (if not opened before) at the latest on the Settlement Date of the Transaction with Unallocated Gold, under the assumption that the result of the Transaction with the Unallocated Gold shall be the acquisition of Unallocated Gold by the Client. The Bank shall notify the Client of the opening of the Commodity Account without undue delay after its opening.

6.4.3. The Bank shall send the Client annual statements from the Commodity Account in written or electronic form unless the Contracting Parties agree otherwise.

6.4.4. The Bank advises the Client of the fact that **UNALLOCATED GOLD IS recorded on the Commodity Account IN XAU UNITS AND NOT IN TROY OUNCES**, and that 1 XAU represents 0.1 troy ounce (3.11034768 grams), i.e. 10 XAU = 1 troy ounce (31.1034768 grams).

6.4.5. The Contracting Parties have agreed that the Commodity Account is not a payment account as the Unallocated Gold is not a valid currency. At the same time, the transfer of the Unallocated Gold from the Commodity Account to any other account maintained by any other entity than the Bank is not possible.

6.4.6. The Bank advises the Client of the fact that Unallocated Gold recorded on a Commodity Account does not fall under the deposit guarantee scheme.

6.4.7. The maintenance of the Commodity Account is free of charge.

6.4.8. The Contracting Parties have agreed that the Unallocated Gold from the Commodity Account cannot be physically taken out and should the Client be interested in physical gold, they shall conclude a Spot Transaction with Unallocated Gold, where the funds from sale of the Unallocated Gold can be used, on the basis of an individual agreement, for purchasing gold with physical delivery from the Bank or the Bank secures for the Client purchase of the gold with physical delivery.

6.4.9. The Contracting Parties have agreed that the amount of the physically bought gold may be lower than the amount of the Unallocated Gold recorded on the Commodity Account mainly due to (i) the difference between the market prices of the physically delivered gold and the Unallocated Gold or (ii) the physical form in which the gold with physical delivery should be delivered (coin, ingot, brick etc.).

6.4.10. The Commodity Account shall cease to exist (i) on the basis of a unilateral act – by written application (termination notice) of the Client delivered to the Bank or by written announcement (termination notice) of the Bank addressed to the Client and that on the last day of the month following after the month when the application or the announcement was delivered to the other Contracting Party, (ii) automatically on the day of termination of the Framework Agreement, unless agreed otherwise.

6.4.11. If on the day of termination of the Commodity Account, Unallocated Gold is recorded on the Commodity Account and the Bank and the Client did not agree otherwise, the Bank shall be entitled to sell the Unallocated Gold for the current XAU exchange rate ascertained by the Bank between the Unallocated Gold and EUR, and transfer to the Account the funds in EUR acquired thereby less any applicable fees and costs related to the sale of the Unallocated Gold.

6.4.12. If there is no Unallocated Gold recorded on the Commodity Account for a period longer than 12 months, the Bank shall be entitled to unilaterally terminate the Commodity Account, whereas it will inform the Client in writing of the same. For avoidance of doubt, such announcement on termination of the Commodity Account is for information purpose only and any non-delivery of the announcement shall have no impact on the validity of termination of the Commodity Account.

#### **C) *intentionally left blank***

7.1. *intentionally left blank*

#### **D) Interest Rate Transactions**

The conditions for conclusion of Interest Rate Transactions are set out below.

#### **8. Interest Rate Options**

8.1. For the purposes of Interest Rate Options all terms with an initial capital letter (except the titles of headings or points) in points 8.1 to 8.5 of this Article shall have the meaning as stated under this point:

**"Floating Rate Amount"** means the amount that the Option Writer is required to pay to the Option Purchaser on exercise of the Interest Rate Option depending on the Notional Amount and the Floating Rate.

**“Exercise Date for the Interest Rate Option”** or **“Date for setting of the Floating Rate”** means the date when the Interest Rate Option is or can be exercised, as agreed by the Contracting Parties and recorded in the Confirmation. If the Exercise Date for the Interest Rate Option specified in the Confirmation is not a Business Day, the Exercise Date for the Interest Rate Option shall be considered to be the next Business Day following the agreed date.

**“Termination Date”** means the Business Day agreed between the Contracting Parties and recorded in the Confirmation as the last day of the Interest Rate Period.

**“Option Purchaser”** means the Contracting Party that is entitled to exercise the Interest Rate Option under the contract.

**“Transaction Currency”** or **“Currency”** means the currency used to express the Notional Amount, the Floating Rate and the Premium.

**“Notional Amount”** or **“Principal Amount”** means the amount of the principal (the notional amount) agreed by the Contracting Parties and recorded in the Confirmation which is used to calculate the payment that the Option Writer shall make.

**“Strike Interest Rate”** or **“Cap”** means the interest rate agreed between the Contracting Parties and indicated in the Confirmation.

**“Effective Date”** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation as the first day of the Interest Rate Period.

**“Floating Rate”** means the difference between the Cap and the Index or the Index and the Cap depending on the type of Interest Rate Option.

**“Option Writer”** means the Contracting Party that is obliged to perform the terms of the Interest Rate Option under the contract if the Option is exercised.

**“Premium”** or **“Purchase Price”** means the Purchase Price for the Interest Rate Option that the Option Purchaser pays to the Option Writer.

**“Reference Interest Rate”** or **“Index”** means the interest rate set by the Bank at the latest on the Exercise Date for the Interest Rate Option.

**“Interest Rate Option”** means an Option entitling the Option Purchaser to request payment of the Floating Rate Amount. Basic information on Interest Rate Options is given in point IV of Annex 1 in these Terms and Conditions.

**“Interest Rate Period”** means the period agreed by the Contracting Parties for which the Floating Rate Amount is calculated.

8.2. The object of an Interest Rate Option is the right of the Option Purchaser to exercise a Strike

Interest Rate agreed in advance for an agreed Notional Amount on the Exercise Date for the Interest Rate Option.

8.3. The Interest Rate Option shall be deemed concluded if the Bank and the Client agree on the following parameters, unless respective legislation or agreement of the Contracting Parties stipulates otherwise:

- the type of Interest Rate Option (cap, floor, collar etc.);
- the Transaction Currency;
- identification of the Option Purchaser and the Option Writer;
- the amount of the Premium;
- the Strike Interest Rate;
- the Interest Rate Period;
- the Exercise Date for the Interest Rate Option;

8.4. The Interest Rate Option shall be exercised automatically if the Reference Interest Rate is equal to or greater than the Strike Interest Rate (for a cap option) or if the Reference Interest Rate is equal to or less than the Strike Interest Rate (for a floor option).

8.5. The exercise of an Interest Rate Option shall create an obligation for the Option Writer to pay the Floating Interest Rate Amount.

## 9. FRA Transactions

9.1. For the purposes of FRA Transactions all terms with an initial capital letter (except the titles of headings or points) in points 9.1 to 9.4 of this Article shall have the meaning as stated under this point:

**“Day of setting the Reference Rate”** or **“Date of setting the Reference Rate”** means the date agreed by the Contracting Parties and recorded in the Confirmation, on which the Bank sets the Reference Rate.

**“Settlement Day”** or **“Settlement Date”** means the day falling on the Termination Date of the FRA Period.

**“FRA Amount”** means the amount payable on the Settlement Day, which is calculated as follows:

$$\frac{N \times d \times (I - I_a)}{y \times 100 + (I_a \times d)}$$

where:

N = Notional Amount

I = FRA Rate

I<sub>a</sub> = Reference Rate

d = number of days in the FRA Period

y = 360 or 365, depending on business conventions (Section 264 of the Commercial Code) for the currency in question.

**“FRA Buyer”** means the Contracting Party identified as such in the Confirmation, who is obliged to pay the FRA Amount to the FRA Seller on the Settlement Day if the result of the calculation of the FRA Amount is a positive number.

**“FRA Period”** or **“Interest Rate Period”** means the period between the Effective Date and the Termination Date as these dates are agreed by the Contracting Parties and recorded in the Confirmation; the number of days in the FRA Period shall be counted inclusive of the day falling on the Effective Date and excluding the day falling on the Termination Date.

**“FRA Seller”** means the Contracting Party identified as such in the Confirmation, who is obliged to pay the FRA Amount to the FRA Buyer on the Settlement Day if the result of the calculation of the FRA Amount is a negative number.

**“FRA Rate”** means the interest rate agreed between the Contracting Parties and recorded in the Confirmation, which shall be in effect for the full FRA Period.

**“FRA Transaction”** means a transaction that is used to hedge against interest rate risk in which the Contracting Parties agree the FRA Rate that will apply to the Notional Amount for the full FRA Period and which will be settled according to the applicable conditions of these Terms and Conditions. More detailed basic information on FRA Transactions is given in point III of Annex 1 in these Terms and Conditions.

**“Termination Date”** means the Business Day agreed between the Contracting Parties and recorded in the Confirmation and is the last day of the FRA Period.

**“Notional Amount Currency”** means the currency in which the Notional Amount is quoted.

**“Notional Amount”** means the notional amount agreed by the Contracting Parties and recorded in the Confirmation which is used to calculate payments that the Contracting Parties shall render.

**“Effective Date”** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation and is the first day of the FRA Period.

**“Reference Rate”** means the \*IBOR interest rate determined by the Bank either (i) in the case of UK pounds sterling (GBP) on the Settlement Date, or (ii) in the case of other currencies two Business Days before the Settlement Date.

9.2. The object of a FRA Transaction is an agreement of the Contracting Parties concluded for the purposes of hedging against interest rate risk in which on the Trade Date the Contracting Parties agree the FRA Rate for a given Notional Amount, which will be in effect for the full FRA period.

9.3. In order to conclude an FRA Transaction the Bank and the Client must agree on at least the following parameters of the FRA Transaction:

- the Notional Amount;
- the Effective Date and the Termination Date;
- the FRA Rate.

9.4. An FRA Transaction is concluded at the moment when the Contracting Parties agree on the above particulars of the FRA Transaction. Subsequently, on the Settlement Day either the FRA Buyer shall be obliged to pay the FRA Amount, if the result of the calculation of the FRA Amount is a positive number or the FRA Seller shall be obliged to pay the FRA Amount, if the result of the calculation of the FRA Amount is a negative number.

## 10. Interest Rate Swaps

10.1. For the purposes of Interest Rate Swaps all terms with an initial capital letter (except the titles of headings or points) in points 10.1 to 10.9 of this Article shall have the meaning as stated under this point:

**“Renewal Date”** means the first day of a new Interest Period; In the case of the Interest Period for the Floating Rate, it is the due date for payment of the Floating Rate for the immediately preceding Interest Period, except for the initial Interest Period, in the event that the Contracting Parties agree multiple Interest Periods.

**“Date for determination of the Floating Rate”** means the day when the Floating Interest Rate that will apply for the following Interest Rate Period is determined; the Floating Interest Rate shall usually be determined two Business Days before the start of the new Interest Period unless the Contracting Parties agree otherwise.

**“Fixed Rate Amount”** has the meaning given in point 10.2 of this Article of the Terms and Conditions.

**“Floating Rate Amount”** has the meaning given in point 10.2 of this Article of the Terms and Conditions.

**“Final Exchange”** means the exchange of the Notional Amount on the Settlement Date.

**“Termination Date”** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation and is the last day of the Interest Period after which settlement of the Interest Rate Swap for the given Swap Period will take place.

**“Transaction Currency”** or **“Currency”** means the currency used to express the Notional Amount, the Floating Rate and the Fixed Rate.

**“Notional Amount”** means the notional amount agreed by the Contracting Parties and recorded in the Confirmation which is used to calculate payments that the Contracting Parties shall render.

“**Fixed Rate**” means the interest rate agreed by the Contracting Parties and recorded in the Confirmation as fixed rate which is valid for the whole Swap Period.

“**Payer of the Fixed Rate**” means the Contracting Party who is obliged to pay the Fixed Rate in the Interest Rate Swap as recorded in the Confirmation.

“**Payer of the Floating Rate**” means the Contracting Party who is obliged to pay the Floating Rate in the Interest Rate Swap as recorded in the Confirmation.

“**Effective Date**” means the Business Day agreed by the Contracting Parties and recorded in the Confirmation and is the first day of the first Interest Period and any subsequent Interest Period if the Contracting Parties have agreed multiple Interest Periods.

“**Initial Exchange**” means exchange of the Notional Amount on the Effective Date.

“**Floating Rate**” means the interest rate agreed by the Contracting Parties and recorded in the Confirmation as floating rate which is valid for the whole Swap Period.

“**Swap Period**” means the period between the Effective Date and the Termination Date as agreed by the Contracting Parties and recorded in the Confirmation.

“**Interest Period**” means the period agreed by the Contracting Parties and recorded in the Confirmation for closer specification of the interest rates for the Floating Rate and the Fixed Rate.

“**Interest Rate Swap**” means a Swap Period for the temporary exchange of interest on the Notional Amount in an agreed currency. More detailed basic information on Interest Rate Swaps and their types is given in point V letter A) in Annex 1 of these Terms and Conditions.

“**Balancing Payment**” means payment of the difference between the Fixed Rate Amount and the Floating Rate Amount by the Payer of the Fixed Rate, if the Fixed Rate Amount is greater than the Floating Rate Amount or by the Payer of Floating Rate if the Floating Rate Amount is greater than the Fixed Rate Amount.

10.2. The object of an Interest Rate Swap is the obligation of the Payer of the Fixed Rate to make one or more payments to the Payer of the Floating Rate of the agreed interest yield on the Notional Amount when a Fixed Rate is exercised (hereinafter only the “**Fixed Rate Amount**”) and the obligation of the Payer of the Floating Rate to make one or more payment to the Payer of the Fixed Rate of the agreed interest yield on the Notional Amount when a Flexible Rate is exercised (hereinafter only the “**Floating Rate Amount**”).

10.3. In order to conclude an Interest Rate Swap, the Bank and the Client must agree on at least the following parameters of the Interest Rate Swap:

- the Notional Amount and its currency;
- the Fixed Rate;
- the Floating Rate;
- the Payer of the Fixed Rate
- the Payer of the Floating Rate;
- the Interest Rate Periods;
- the Swap Period(s).

For the purposes of an Interest Rate Swap the Fixed Rate Amount shall be calculated as follows:

$$\text{FixRA} = N \times \text{Ifix} \times \text{Ic}/100$$

where:

“**FixRA**” means Fixed Rate Amount

“**N**” means the Notional Amount

“**Ifix**” means the Fixed Rate

“**Ic**” means the interest convention calculated according to the following formula:

$$\text{Ic} = d/y$$

where:

“**d**” means the number of calendar days in the given Interest Period including the first day and excluding the last day of the Interest Period

“**y**” is 360 or 365 or another number of days in the year as agreed by the Contracting Parties or determined by the market convention (Section 264 of the Commercial Code) for the currency in question, where priority shall always be given to the agreement of the Contracting Parties.

For the purposes of an Interest Rate Swap the Floating Rate Amount shall be calculated as follows:

$$\text{FloatRA} = N \times \text{Ifloat} \times \text{Ic}/100$$

“**FixRA**” means Fixed Rate Amount

“**N**” means the Notional Amount

“**Ifloat**” means the Floating Interest Rate

“**Ic**” means the interest convention calculated according to the following formula:

$$\text{Ic} = d/y$$

where:

“**d**” means the number of calendar days in the given Interest Period including the first day and excluding the last day of the Interest Period

“**y**” is 360 or 365 or another number of days in the year as agreed by the Contracting Parties or determined by the market convention (Section 264 of the Commercial

Code) for the currency in question, where priority shall always be given to the agreement of the Contracting Parties.

10.4. Unless the Contracting Parties agree otherwise, the Interest Rate Swap shall be carried out without the Initial and the Final Exchange.

10.5. If it was agreed at the conclusion of the Interest Rate Swap that the Floating Rate will be determined by means of a Reference Interest Rate, the Bank will determine the current value of the Reference Interest Rate to be applied for the Interest Period two Business Days before the agreed effective date of the Interest Period in question, unless the Contracting Parties agree otherwise.

10.6. The Fixed Rate Amount and the Floating Rate Amount shall be payable on the last day of the Interest Period to which they apply, unless the Contracting Parties agree otherwise.

10.7. If the Maturity Date for the Fixed Rate Amount and the Floating Rate Amount are the same in the same interest period, the settlement of the counterparties obligations under the Interest Rate Swap at the identical date shall be carried out by a Balancing Payment paid by whichever counterparty has the greater payment obligation; the Balancing Payment shall be equal to the remainder after the Fixed Rate Amount and the Floating Rate Amount are offset against each other.

10.8. Any obligation of the Client connected with an Interest Rate Swap shall be settled by the deduction of funds equal to this obligation from the Account and the Client gives the Bank unconditional consent to collect funds from the Client's account for this purpose.

10.9. Any obligation of the Bank connected with the Interest Rate Swap shall be settled by the crediting of funds equal to this obligation to the Account.

## 11. Currency Swaps

11.1. For the purposes of Currency Swaps all terms with an initial capital letter (except the titles of headings or points) in points 11.1 to 11.4 of this Article shall have the meaning as stated under this point:

**"Amount"** has the meaning given in point 11.2 of this Article of the Terms and Conditions.

**"Rate Type"** means the Interest Rate Type for the Base Currency and the Interest Rate Type for the Quote Currency set by agreement of the Contracting Parties and recorded in the Confirmation, in particular the Fixed and Floating Rate.

**"Buyer of the Base Currency"** means the Contracting Party that receives the Notional Amount in the Base Currency at the Final Exchange.

**"Final Exchange"** means the exchange of the Notional Amount as at the Termination Date.

**"Termination Date"** means the Business Day agreed between the Contracting Parties and recorded in the Confirmation as the last day of the Swap Period.

**"Exchange Rate"** means the exchange rate for conversion of the Base Currency to the Quote Currency agreed by the Contracting Parties, which shall apply for the full Swap Period and is recorded in the Confirmation.

**"Currency Swap"** means the temporary exchange, for the Swap Period, of interest on the Base Currency and Quote Currency Amounts and the Notional Amount using the Exchange Rate agreed by the Contracting Parties and recorded in the Confirmation. More detailed basic information on Currency Swaps and their types is given in point V letter B) in Annex 1 of these Terms and Conditions.

**"Notional Amount"** means the notional amount agreed by the Contracting Parties and recorded in the Confirmation which is used to calculate payments that the Contracting Parties shall render.

**"Fixed Rate"** means the interest rate agreed by the Contracting Parties and recorded in the Confirmation as fixed rate which is valid for the whole Swap Period.

**"Payer of the Fixed Rate"** means the Contracting Party who is obliged to pay the Fixed Rate as recorded in the Confirmation.

**"Payer of the Floating Rate"** means the Contracting Party who is obliged to pay the Floating Rate as recorded in the Confirmation.

**"Initial Exchange"** means exchange of the Notional Amount on the Effective Date.

**"Effective Date"** means the Business Day agreed by the Contracting Parties and recorded in the Confirmation as the first day of the first Interest Period and any subsequent Interest Period if the Contracting Parties have agreed multiple Interest Periods.

**"Floating Rate"** means the interest rate agreed by the Contracting Parties and recorded in the Confirmation as floating rate which is valid for the whole Swap Period.

**"Seller of the Base Currency"** means the Contracting Party that is obliged to pay the Notional Amount in the Base Currency at the Final Exchange of a Currency Swap.

**"Quote Currency"** means the currency agreed by the Contracting Parties and recorded in the Confirmation together with the Quote Currency Amount and the interest rates for the Quote Currency.

**"Swap Period"** means the period between the Effective Date and the Termination Date as agreed by the Contracting Parties and recorded in the Confirmation.

“**Interest Period**” means the period agreed by the Contracting Parties and recorded in the Confirmation for closer specification of the interest rates for the Base Currency and the Quote Currency.

“**Interest Rate**” means Interest Rate for the Base Currency or Interest Rate for the Quote Currency.

“**Interest Rate for the Base Currency**” means the interest rate that will be applied to the Base Currency for the purposes of the Currency Swap.

“**Interest Rate for the Quote Currency**” means the interest rate that will be applied to the Quote Currency for the purposes of the Currency Swap.

“**Base Currency**” means the currency agreed by the Contracting Parties and recorded in the Confirmation in which the Notional Amount is expressed.

11.2. The object of a Currency Swap is an agreement between the Contracting Parties on the Initial Exchange and on the Final Exchange of the Notional Amount expressed in two different currencies at an agreed Exchange Rate, or an agreement only on the Final Exchange of the Notional Amount expressed in two different valid currencies at an agreed Exchange Rate and on the obligation of both Contracting Parties to make single or repeated payments of amounts calculated in connection with the Base Currencies or Quote Currencies based on the Interest Rate for the Base Currency or the Interest Rate for the Quote Currency determined for the given Interest Period (hereinafter only the “**Amounts of Currency Swaps**”).

11.3. In order to conclude a Currency Swap, the Bank and the Client must agree on at least the following parameters of the Currency Swap:

- the Notional Amount;
- the Base Currency of the Notional Amount;
- the Quote Currency of the Notional Amount;
- the Exchange Rate;
- the Rate Type;
- the Swap Period(s);
- identification whether there will be only a Final Exchange or also an Initial Exchange;
- the Interest Periods;
- the Interest Rates for Base Currencies and Interest Rates for Quote Currencies.

11.4. A Currency Swap is concluded from the moment when the Bank and the Client agree on the above particulars of the Currency Swap, unless respective legislation or agreement of the Contracting Parties stipulates otherwise. The Bank and the Client shall then be obliged to carry out the Initial Exchange on the Settlement Date (if an Initial Exchange has been agreed) and pay the corresponding Amounts of

Currency Swap, to which the provisions on Interest Rate Swaps shall apply mutatis mutandis.

## **E) Barrier Transaction**

12.1. For the purposes of Barrier Transactions all terms with an initial capital letter (except the titles of headings or points) in points 12.1 to 12.10 of this Article shall have the meaning as stated under this point:

“**Barrier**” means a certain parameter or market limit (condition) specified at conclusion of the Barrier Transaction that defines an event in the interbank market whose occurrence will cause effects for the Barrier Transaction agreed in advance by the Contracting Parties. Barriers can be used to determine various parameters of the Transaction concerned. The main types of barrier include (i) **Single**, in which the result of the contract may be affected by one barrier; (ii) **Double**, in which the result of the transaction may be affected by two barriers; (iii) standard, in which the barrier can be applied during the term of the contract; (iv) partial, in which the barrier can be applied during a part of the term of the contract (window).

“**Barrier Period**” means, unless the Contracting Parties agree otherwise, the period starting from the Trade Date (including this day) and ending (i) at 10:00 New York time (unless the Contracting Parties agree another time) on the day specified in the Confirmation and identified as the End of the Barrier Period or (ii) on the Occurrence of the Barrier Event.

“Occurrence of the Barrier Event” has the meaning given in point 12.5 of this Article of the Terms and Conditions.

“**Exchange Rate**” means an exchange rate expressing an amount in one currency necessary for buying a specific amount in other currency and vice versa.

12.2. The object of a Barrier Transaction is an agreement between the Contracting Parties on a transaction whose conditions change on the Occurrence of the Barrier Event during the agreed Barrier Period. It is possible to agree multiple Barriers within one Transaction, in which case the relationship between the individual Barriers must be specified when concluding the Transaction.

12.3. In order to conclude a Barrier Transaction the Bank and the Client must agree on at least the following parameters of the Barrier Transaction:

- the type of Transaction and its conditions;
- one or more Barriers and their mutual relations;
- the Barrier Period;
- the effects on the Transaction of the Occurrence of a Barrier Event.

12.4. The Barrier Transaction is concluded at the moment when the Contracting Parties agree on the

above particulars of the Barrier Transaction, unless respective legislation or agreement of the Contracting Parties stipulates otherwise.

12.5. A Barrier Event shall be deemed to occur if an Agent, which is always the Bank (hereinafter only the “Agent”), registers a transaction that fulfils all the following criteria:

- a) the transaction was equal to or crossed the Barrier Value;
- b) the transaction was carried out between
  - i) two independent counterparties through a broker, or
  - ii) the Bank and an independent counterparty via a broker, or
  - iii) the Bank and an independent counterparty directly;
- c) the transaction was not carried out under non-market conditions.

(“Occurrence of a Barrier Event”)

12.6. In the case of a Barrier Foreign Exchange Option involving a Currency Pair that is not quoted directly on the interbank market (the Exchange Rate for the Currency Pair is calculated from the Exchange Rates of quoted pairs), a barrier event shall also be deemed to have occurred if, during the Barrier Period, the Agent registers two transactions: one in which one currency in the Currency Pair (hereinafter only “Currency A”) is traded against a third currency other than a currency in the Currency Pair (hereinafter only “Currency C”) and another in which Currency C is traded against the other currency in the Currency Pair (hereinafter only “Currency B”) such that by combining the trades it is possible to calculate an Exchange Rate for the Currency Pair of Currency A and Currency B. The two transactions must take place within five minutes of each other and fulfil all the above criteria.

12.7. Whether or not a Barrier Event has taken place shall be decided only by the Agent, unless the Contracting Parties agree otherwise. If there is a dispute regarding the Occurrence of a Barrier Event, the Agent shall present evidence of the relevant transaction or transactions. Transactions that the Agent does not observe or could not observe from generally available sources used in the market cannot be used as evidence of the Occurrence of a Barrier Event.

12.8. If a barrier event occurs, the Agent shall send the Client notice of its occurrence in writing or by fax including specification of the effects of the Occurrence of the Barrier Event for the Barrier Transaction. The notice is for information purposes only and its non-delivery or rejection shall not be relevant for the effects of Occurrence of the Barrier Event for the Barrier

Transaction because the relevant factor is the fact that the barrier event has occurred.

12.9. The Client is aware that the Bank, as an active participant in the interbank market executes transactions that could increase or decrease the probability of the Occurrence of a Barrier Event.

12.10. The Client is aware that the relevant factors for determining whether a barrier event has occurred are the parameters of transactions concluded on the interbank market and that these parameters cannot be applied to any transactions concluded between the Bank and the Client without further agreement.

## F) Deposit Transactions

13.1. For the purposes of Deposit Transactions all terms with an initial capital letter (except the titles of headings or points) in points 13.1 to 13.14 of this Article shall have the meaning as stated under this point:

“Interest Amount” means the amount of interest specified in the Confirmation which the Bank will pay to the Client on the Maturity Date or another date agreed by the Contracting Parties.

“Effective Date” means the date agreed upon by the Contracting Parties and specified in the Confirmation as the first day of the Deposit.

“Maturity Date” or “Maturity Day” means the day when payment is due under the Deposit Transaction.

“Deposit Transaction” or “Deposit” is a transaction concluded between the Client and the Bank, under which the Client shall deposit the Principal with the Bank for an agreed period, at the end of which the Client shall be entitled to payment of a certain sum, the amount of which will depend on the conditions of the Deposit Transaction agreed by the Bank and the Client at its conclusion.

“Principal” means the sum of funds that are the object of the Deposit Transaction.

“Commodity Account” has the meaning given in point 6.1 of this Article of the Terms and Conditions.

“Exchange Rate” means an exchange rate expressing an amount in one currency necessary for buying a specific amount in other currency and vice versa.

“London Bullion Market Association” means the international commercial association having its seat in London covering, among others, trades with Unallocated Gold on the London gold exchange.

“Unallocated Gold” means physically unallocated gold meeting the currently valid standards of the London Bullion Market Association for delivery and purity.

“**Reverse Transaction with Unallocated Gold**” has the meaning stated in point 6.1 of this Article of the Terms and Conditions.

“**Spot Transaction with Unallocated Gold**” has the meaning stated in point 6.1 of this Article of the Terms and Conditions.

„**Structured Deposit Transaction**“ means an individual type of Deposit Transaction where the Interest Rate or its determination is set by agreement of the Contracting Parties at the conclusion of the Deposit Transaction and which may be affected by: (i) the development of market variables such as an Exchange Rate, an interest rate, a share price, the value of a share index etc., or (ii) an individual agreement of the Contracting Parties, e.g. the incorporation of a derivative into the Deposit Transaction. More detailed basic information on Structured Deposit Transactions and their types is given in point VI in Annex 1 of these Terms and Conditions.

“**Structured Transaction with Unallocated Gold**” means an individual type of Transaction in which on the maturity day the Bank shall pay to the Client the Principal in the currency in which the Transaction was concluded or at the discretion of the Bank the Principal may be converted into Unallocated Gold using the XAU exchange rate which the Client agrees with the Bank on the date of conclusion of the Transaction, whereas the Bank has the exclusive right to determine whether the conversion of the Principal to Unallocated Gold will take place.

“**Transaction with Unallocated Gold**” means a Structured Transaction with Unallocated Gold, Reverse Transaction with Unallocated Gold or Spot Transaction with Unallocated Gold.

“**High-Yield Deposit Transaction**” means a special type of Structured Deposit Transaction in which the Bank pays the Client the deposit on the agreed Maturity Date in the currency in which the deposit was established or in an alternative currency the exchange rate for which will be agreed by the Client and the Bank on the date when the Deposit Transaction is concluded; the Bank shall have the sole right to determine which currency the high-yield deposit transaction is paid out in.

“**Interest Rate**” means the interest rate that the Bank and Client negotiate or agree for the accrual of interest on the Principal.

“**XAU Exchange Rate**” means the exchange rate that determines the amount of the respective currency which is needed for the purchase of the Unallocated Gold.

13.2. The object of a Deposit Transaction is the Client's deposit of the Principal with the Bank for an agreed period, at the end of which the Client shall be

entitled to the payment of a certain sum, the amount of which will depend on the conditions of the Deposit Transaction agreed by the Bank and the Client when concluding it.

13.3. Conditions for the conclusion of a Deposit Transaction are (i) the Client must have an Account opened in the Bank unless agreed otherwise and (ii) the minimum amount of the Principal shall be EUR 100 000 (in words: one hundred thousand euros) or the equivalent of EUR 100 000 in freely convertible currencies unless Contracting Parties agree otherwise. For the avoidance of doubt, simple Deposit Transactions (i.e. except Structured Deposit Transactions, Structured Transactions with Unallocated Gold and/or High-Yield Deposit Transactions) concluded through Dealer are considered Non-MiFID Transactions and deposits pursuant to the Civil Code at the same time. Client acknowledges that the Account Number to which the Principal of such a simple Deposit Transaction is credited shall be determined for evidence purposes.

13.4. In order to conclude a Deposit Transaction the Bank and the Client must agree on at least the following parameters of the Deposit Transaction:

- the Currency;
- the Principal;
- the Effective Date;
- the Maturity Date;
- the Interest Rate or the method for setting it.

13.5. In addition to the minimum parameters above, the Contracting Parties may also agree on other conditions of the Deposit Transaction relating in particular to the type of Interest Rate (fixed, floating or zero), the maturity of the deposit, the maturity of interest, the reinvestment of interest, the gradual reduction of the principal of the deposit and so on.

13.6. The Interest Rate for the Deposit Transaction shall be the Interest Rate that the Bank quotes to the Client through an authorised Dealer during the period of uninterrupted communication, particularly via telephone, with the Client regarding the Conclusion of the Deposit Transaction, with the condition that at any point during the period of uninterrupted communication, particularly via telephone, with the Client, the Dealer can change the Interest Rate in response to current developments on the interbank market (e.g. by using the expression “the interest rate is invalid” or “I'm changing the interest rate to...”). On receiving the new Interest Rate, the Client must clearly express consent for the Interest Rate by the means laid down in point 10 of Article III **Communication with the Bank and the method for concluding Transactions** in these Terms and Conditions.

13.7. The Contracting Parties shall deem the acceptance of the Interest Rate by the Client during the telephone conversation to be the decisive factor for the



conclusion of the Deposit Transaction and the creation of the Client's obligation to deposit or transfer the agreed amount for deposit and the Bank's obligation to accept the deposited amount. From the conclusion of the Deposit Transaction to the agreed date for the establishment of the deposit, the Bank shall be entitled to block funds on the Client's Accounts to the value of the agreed Deposit.

13.8. The Client shall not be entitled to make use of the funds constituting the Deposit during their agreed period of deposit. If the Bank is obliged to prematurely terminate the Deposit before the agreed period for which funds have been deposited (e.g. by reason of execution or distraintment), the Client shall not be entitled to any interest for the agreed interest period in which the Deposit was prematurely terminated.

13.9. If the Client wishes to conclude a Deposit Transaction with a Value Date as of the date of the agreement on the Deposit Transaction with the Bank, the Client agrees that the Bank shall set the Interest Rate based on the current situation in the interbank market.

13.10. Provided the Client does not have an Account open with the Bank from which he/she provides a Principal for a Deposit Transaction, at least 2 Business days before the maturity of such Deposit the Client is obliged to submit an order in relation to the Deposit at maturity, i.e. account number, to which the Principal and Interest Amount shall be paid, or only Interest Amount provided the Bank and the Client have agreed on a conclusion of a new Deposit Transaction in relation to the Principal.

13.11. The Contracting Parties may agree the following specific types of Deposit Transactions: Structured Deposit Transactions, High-Yield Deposit Transactions and/or Structured Transaction with Unallocated Gold.

- a) In Structured Deposit Transactions the Contracting Parties must agree, in addition to the parameters of the Deposit Transaction laid down in point 13.4 of this Article of the Terms and Conditions, also (i) the conditions for determining the Interest Rate and (ii) the amount of the maximum loss that the Client will accept in the event of unfavourable conditions in the interbank market.
- b) In High-Yield Deposit Transactions the Contracting Parties must agree, in addition to the parameters of the Deposit Transaction laid down in point 13.4 of this Article of the Terms and Conditions, (i) the alternative currency in which the high-yield deposit can be paid out at maturity (resulting in the definition of a Currency Pair) and (ii) the value of the Exchange Rate for the currency pair which will be used when paying out the high-yield deposit in the alternative currency.

- c) In Structured Transactions with Unallocated Gold the Contracting Parties must agree, in addition to the parameters of the Deposit Transaction laid down in point 13.4 of this Article of the Terms and Conditions, the value of the XAU Exchange Rate.

13.12. The Bank advises the Client of the fact that a Structured Deposit Transaction, a High-Yield Deposit Transaction and/or a Structured Transaction with Unallocated Gold may represent for him/her a transaction **INVOLVING A RISK OF LOSS OF A PART OF THE PRINCIPAL**, especially in the event of unfavourable changes in the inter-bank market.

13.13. The Bank shall exercise its right in Structured Transactions with Unallocated Gold automatically at the latest on the maturity date of the Structured Transactions with Unallocated Gold and that in a way that it will credit the Commodity Account of the Client with the respective amount of the Unallocated Gold within the period of time agreed on when concluding the Structured Transactions with Unallocated Gold, whereas the Interest Amount shall be paid in agreed currency to the Account. The Bank shall inform the Client in writing of the exercise of the Bank's right related to the Structured Transaction with Unallocated Gold.

13.14. In the event of execution proceedings against the Deposit, the Bank will proceed in accordance with the applicable provisions of Act No 233/1995 Coll. on court executors and execution procedures (the Code of Execution Procedure) and on the amendment of certain acts (hereinafter only the "**Code of Execution Procedure**") relating to execution by means of the garnishment of receivables, and the Client shall lose the right to payment of the Deposit up to the amount of the judgement debt and its accessories from the date of delivery of the order for the commencement of execution to the Bank, and the amount to which the Client loses its right will be paid to the entitled person under the Code of Execution Procedure on the Maturity Date of the Deposit at the earliest.

13.15. The terms and conditions for maintenance of the Commodity Account are stated in point 6.4 of this Article of the Terms and Conditions. The Bank shall open only one Commodity Account to manage all the Client's Transactions with Unallocated Gold unless the Contracting Parties agree otherwise.

## **G) Promissory Note Transactions**

14.1. For the purposes of Promissory Note Transactions all terms with an initial capital letter (except the titles of headings or points) in points 14.1 to 14.12 of this Article shall have the meaning as stated under this point:

**"Deposit Promissory Note"** means a debt instrument issued by the Bank; upon maturity the Bank is obliged

to pay to the Client the Amount Payable. Concurrently the Bank ensures the custody of such promissory note.

**“Issue Price of Promissory Note”** means the amount agreed by the Contracting Parties and recorded in the Confirmation, that the Client is obliged to pay the Bank for issuing the Promissory Note.

**“Exchange Rate”** means an exchange rate expressing an amount in one currency necessary for buying a specific amount in other currency and vice versa.

**“Acquisition of a Promissory Note”** means arrangement of the issuing of a Promissory Note endorsed to the order of the Client or the purchase of a Promissory Note and its endorsement to the order of the Client.

**“Sale of a Promissory Note”** means the sale of a Promissory Note and its endorsement to the order of ČSOB or a third party.

**“Structured Promissory Note”** means a blank promissory note where the Amount Payable is determined by the Issue Price of the Promissory Note adjusted by an Interest Rate (which can be negative) that may be dependent on: (i) developments in market factors such as a currency Exchange Rate, an interest rate, the price of shares, the value of a share index etc. or (ii) special conditions agreed by the Contracting Parties. More detailed basic information on Structured Promissory Note Transactions and their types is given in point VII in Annex 1 of these Terms and Conditions.

**“High-Yield Promissory Note”** means a discounted debt instrument issued by the Bank that includes an option for the issuer of the High-Yield Promissory Note to redeem it in a different currency than that in which it was issued. The Purchaser of the High-Yield Promissory Note, i.e. the Client, shall sell to the issuer of the High-Yield Promissory Note, i.e. the Bank, a put option to convert the Amount Payable to another currency agreed in advance.

**“Promissory Note”** means a High-Yield Promissory Note, a Deposit Promissory Note, a promissory note issued by a third party or a Structured Promissory Note.

**“Amount Payable”** means the Amount Payable under the Promissory Note that the issuer of the promissory Note is obliged to pay on the maturity date of the Promissory Note.

**“Promissory Note Transaction”** means the Sale of a Promissory Note or the Acquisition of a Promissory Note.

**“PN Order”** means an order given by one party for the execution of a Promissory Note Transaction.

14.2. The object of a Promissory Note Transaction is the obligation of the Bank, based on a PN Order, to arrange the Acquisition of a Promissory Note or the Sale of a Promissory Note for the Client for the price

agreed in advance for the Promissory Note Transaction.

14.3. In order to conclude a Promissory Note Transaction, the Bank and the Client must agree on at least the following parameters of the Promissory Note Transaction:

- the type of Promissory Note;
- the Amount Payable under the Promissory Note (if a blank promissory note is not used);
- the currency of the Amount Payable;
- the purchase price of the Promissory Note (when purchased by the Client) or the sale price of the Promissory Note (when sold by the Client);
- the issue Price of Promissory Note;
- the date, which cannot be other than a Business Day, and the place of settlement of the Promissory Note;
- the method for settlement of the Promissory Note Transaction (only in the case of promissory notes issued by a third party);
- the Account and the Bank’s account through which the Promissory Note Transaction will be settled (only in the case of third-party promissory notes)
- the date and place of issue of the Promissory Note.

14.4. In addition to the conditions laid down in point 14.3 of this Article of the Terms and Conditions, the Bank and the Client must agree on the following particulars for a Transaction involving a High-Yield Promissory Note:

- the alternative currency in which the High-Yield Promissory Note may be paid and the maturity date for its payment (thereby defining a currency pair);
- the Exchange Rate that shall be used for payment of the High-Yield Promissory Note in the alternative currency set by the Client and confirmed by the Bank (the exchange rate of the currency pair);
- the Issue Price of the Promissory Note and the Amount Payable;
- the interest rate (p.a.);
- the issue date of the High-Yield Promissory Note, which must be identical with the date when funds are deducted from the Client’s Account.

14.5. In addition to the conditions laid down in point 14.4 of this Article of the Terms and Conditions, the conditions of a Promissory Note Transaction involving a Structured Promissory Note will be regulated by a special agreement on the rights to complete a blank promissory note.

14.6. A Promissory Note Transaction is concluded from the moment when the Contracting Parties agree

on the above particulars of the Promissory Note Transaction, unless special legislation or the agreement of the Contracting Parties stipulates otherwise.

14.7. Promissory notes will be in custody of the Bank. On the Acquisition of a Promissory Note the Bank undertakes to keep the acquired Promissory Note in custody for the Client from the date of acquisition unless the Client submits a different instruction to the Bank. The Bank shall be obliged to send the Client an original of the document confirming custody of the Promissory Note together with a photocopy of the Promissory Note. The Bank shall not be obliged to provide a report to the Client on the status of custody of the Promissory Note. The Bank and the Client have agreed that the Bank shall be entitled to annul the Promissory Note after payment of the Amount Payable.

14.8. The Bank shall transfer the Amount Payable or the sale price of the Promissory Note to the Account no earlier than at the maturity date of the Promissory Note or the date of sale of the Promissory Note, provided that the Promissory Note remained continuously in custody of the Bank and payment to another account was not agreed with the Client. If the legitimate owner of a Promissory Note or its authorised representative submits the Promissory Note for payment on the maturity date or date of sale of the Promissory Note, the Bank will pay the Amount Payable or the sale price of the Promissory Note in accordance with the instructions of this person as they are recorded in the request for payment of the Promissory Note or the instruction for collection of the Promissory Note; in the case of Promissory Notes issued by a third party (hereinafter also the “**Maker**”), the Bank will pay the Amount Payable after the payment of the Amount Payable from the Maker is credited to the corresponding account of the Bank.

14.9. In the event of the maturity of a High-Yield Promissory Note issued by the Bank, the Bank will pay the Client the Amount Payable under the High-Yield Promissory Note in the currency that the Client provided to the Bank or an alternative currency at the Exchange Rate agreed between the Client and the Bank on the Trade Date for the Promissory Note Transaction. The Bank shall have sole right to determine the currency in which the High-Yield Promissory Note will be paid.

14.10. The Bank advises the Client of the fact that changes in conditions in the interbank market may have the effect that Promissory Note Transactions with Structured Promissory Notes or High-Yield Promissory Notes expose the Client to a loss and that in such transactions there is the risk of the loss of a part of the

principal, particularly in the event of unfavourable developments in the interbank market.

14.11. The Bank advises the Client of the fact that under Art. 3(4)(d) of Act No. 118/1996 Coll. on the protection of deposits and on the amendment of certain acts, as amended, a Promissory Note is not covered by the deposit guarantee scheme.

14.12. The Bank advises the Client of the fact that in the case of Promissory Notes issued by third parties, the Client bears the credit risk of the Maker of the Promissory Note, i.e. the risk of insolvency or the unwillingness of the Maker, and the Bank shall not be liable for payment of the Amount Payable.

## H) Securities Transactions

15.1. For the purposes of Securities Transactions all terms with an initial capital letter (except the titles of headings or points) in points 15.1 to 15.21 of this Article shall have the meaning as stated under this point:

“**Security**” means a security as defined in the Securities Act. More detailed basic information on securities, their types and classification is given in point VIII in Annex 1 of these Terms and Conditions.

“**Order**” means a unilateral instruction given by the Client to the Bank to arrange the purchase and/or sale of Securities or to purchase or sell Securities.

“**Securities Transactions**” means the purchase and/or sale of Securities and/or the arrangement of the purchase and/or sale of Securities subject to the conditions laid down in the Terms and Conditions.

15.2. The Bank undertakes to arrange, in accordance with the Order and within its period of validity, in the Bank’s name for the Client for the Client’s account, the purchase or sale of Securities on exchanges or other organised securities markets in the Slovak Republic or abroad (hereinafter only a “**Market**”) in accordance with applicable Market rules, including purchase or sale through a third party, for which the Client gives express consent, and the Client undertakes to pay the Bank the agreed fee.

15.3. The Bank and the Client may conclude an agreement for the purchase of securities in accordance with the Securities Act (hereinafter only a “**Purchase Agreement**”) for the sale or purchase of Securities from/to the Bank’s own portfolio. The Contracting Parties have agreed that a Purchase Agreement can be concluded in oral form, by recorded telephone communication. Both Contracting Parties shall consider a recording of a telephone conversation to be evidentiary proof of the content of the Purchase Agreement and the conclusion of the Purchase Agreement, provided that the Bank has provided the Client with information on the Type of Security, the

Number of Securities, the Price per 1 Security and the Overall Price, the Trade Date and the Settlement Date, and the Client has expressed clear and unconditional agreement with the conditions of the Transaction specified by the Bank. The recordings of telephone conversations can be used to the maximum extent permitted by applicable legislation as irrefutable proof of the conclusion of a Purchase Agreement or the execution of a Transaction. The purchase or sale of Securities under a Purchase Agreement cannot be executed before the conclusion of the Purchase Agreement.

15.4. The Bank undertakes to proceed according to the rules in force in the Market concerned when arranging the purchase or sale of Securities and in related activities.

15.5. The Bank undertakes to exercise due professional care in arranging the purchase or sale of Securities. The Client takes note that a change in the price of a Security on the relevant Market after execution of the Order is not deemed a breach of due professional care.

15.6. The Client undertakes to reimburse to the Bank all costs that the Bank incurs in executing the Client's Order.

15.7. The Client gives consent to the Bank to provide information on the Client, including personal data, in accordance with the requirements of the Market where the Security is traded, and this consent shall remain in force after the expiry of the Framework Agreement.

15.8. The Order must include the data specified in the applicable Market rules, otherwise the Bank will not be able to ensure settlement of the transaction.

15.9. The Order must include specification of the Account from which the purchase of Securities will be paid or to which funds will be credited when Securities are sold. If the Account is not specified in the Order, the Bank may use any of the Accounts.

15.10. If the whole purchase price is not paid duly and on time, the Bank is not obliged to execute an Order for the purchase of Securities. The Bank will inform the Client of the non-execution of the Order without undue delay.

15.11. The Bank shall not be liable for the non-execution of an Order if its non-execution was not the result of fault on the side of the Bank. The Client is entitled to obtain information on the execution of the Order.

15.12. An Order can only be cancelled before the validity time of the Order and only if it has not been executed and the Bank is able to cancel it. An Order can be changed only by cancelling the original Order and submitting a new Order.

15.13. An order for the purchase or sale of Securities can be submitted or cancelled by the Client, an Authorised Person or a person authorised to act on behalf of and for the account of the Client.

15.14. The Bank shall be entitled to refuse to execute an Order, in particular if the Client does not have a sufficient number of the Securities that the Client wishes to sell on their asset account, or does not have a sufficient quantity of funds on the Account necessary for the purchase of Securities including the payment of fees, taking into account the risk of potential change in the price of the Securities and the currency exchange rates relevant for the Transaction. The Bank will attempt to notify the Client of any such matter without delay.

15.15. If the Bank accepts an Order, the Client agrees that the Bank is entitled to block funds necessary for the purchase of Securities on the Account or to suspend the Client's exercise of disposal rights to registered Securities that the Client has designated for sale, with effect from the submission time of the Order to the time when the Order is executed or cancelled in accordance with the rules of the relevant Market, the accepted practice of the relevant Market and these Terms and Conditions.

15.16. After the execution of the Order, the Bank will send the Client confirmation in accordance with point 11 of Article III **Communication with the Bank and the method for concluding Transactions** in these Terms and Conditions. In the event that the Client has opened a securities account in accordance with Securities Act with the Bank, the Bank will also carry out all acts necessary for settlement of the purchase or sale of Securities according to the accepted practice of the Market concerned. In other circumstances the Client shall be obliged, and it is the Client's sole responsibility to submit a settlement order to its own investment firm that maintains for the Client a securities account in accordance with the Securities Act.

15.17. If the currency in which the sale or purchase of securities is executed is different from the currency of the Account, the Bank is entitled to carry out currency conversions at the rate quoted in the Bank's current exchange rate list, unless the Bank and the Client agree otherwise. If the Bank does not quote the exchange rate concerned, conversion shall be carried out through another suitable currency.

15.18. The Banks' fees for intermediating the purchase or sale of Securities may be added to the total amount of the Transaction.

15.19. The Client agrees that the Bank will debit the fees for the purchase or sale of Securities from the Account unless the Client and the Bank do not agree otherwise in writing.

15.20. The Bank is obliged to inform the Client of any known risks related to investments in Securities and is entitled to refuse to execute an Order that could have a significant negative effect on the Client's financial situation.

15.21. The Bank is entitled to require the Client's written consent for the execution of an Order that would create additional obligations for the Client.

## I) Special Transactions

16.1. The Contracting Parties may also conclude any other transaction that is a combination of two or more Transactions or any transaction whose parameters are expressly agreed (hereinafter only "**Special Transactions**"). The Provisions on the individual Transactions shall be applied as are appropriate to the type of Special Transactions and the agreement of the Contracting Parties regulating a Special Transaction shall always take precedence over related provisions of the Terms and Conditions.

16.2. A Special Transaction shall be deemed concluded from the moment when the Contracting Parties agree on all fundamental particulars of the Special Transaction, unless respective legislation or the agreement of the Contracting Parties stipulates otherwise.

## J) Joint provisions on Transactions

### 17. General conditions for the conclusion of Transactions

17.1. In addition to the conditions laid down by law, by these Terms and Conditions or by the Framework Agreement for each type of Transaction, conclusion of a Transaction shall be subject to the following preconditions:

- a) the valid conclusion of the Framework Agreement by the Client;
- b) the submission to the Bank of all documents specified in the Framework Agreement;
- c) the establishment of security as stipulated by the Framework Agreement and/or the Terms and Conditions
- d) the non-existence of an Event of Default, Event of Early Termination and/or other infringement of the Client's obligations under these Terms and Conditions and the Framework Agreement (and/or other agreement concluded with the Bank, provided that the Client is Nonconsumer);
- e) the completeness, accuracy and truthfulness of the Client's representations under these Terms and Conditions and the Framework Agreement; and

- f) the Conclusion of Agreement on a PRF limit, or allocation of the Limit by the Bank, if the Bank requires such an agreement for the conclusion of a Transaction, or on the basis of the allocated Limit.

### 18. Change in Benchmark

18.1. If a Reference Price, Reference Rate, Index (as these terms are defined in the relevant parts of these Terms and Conditions) or reference interest rate or any other index with reference to which the amount payable under a Financial instrument or a value of a Financial Instrument or a financial contract, and which is regulated by the Regulation of European Parliament and Council (EU) No 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (hereinafter only "**Benchmark Regulation**") or Principles for Financial Benchmarks passed by international Organization of Securities Commissions (hereinafter only "**IOSCO Principles**") (this data hereinafter only "**Benchmark**") that the Bank legitimately uses to calculate any amount for payment under these Terms and Conditions, e.g. a Fixed Rate, Fixed Amount, Floating Rate, Floating Amount (as these terms are defined in the relevant parts of these Terms and Conditions) etc. (hereinafter only an "**Amount**") is subsequently corrected and the correction is published or announced within 30 (thirty) days from the date when the original Benchmark was issued, either Contracting Party may notify the other Contracting Party that a correction has been made within the same period. The Bank will then make a new calculation of the Amount for the Calculation Period in which the correction was made. If the difference between the original calculated Amount and the recalculated Amount is (i) a positive number, the difference will be paid by the Buyer or (ii) a negative number, the difference will be paid by the Seller. The difference in question will always be increased by interest for the period starting from the date of payment of the originally calculated Amount and ending on the last day for payment of the difference; interest will be added at the rate quoted on the interbank market at 11:00 London time on the first day of the period for a deposit in the payment currency for the Amount and for the period closest to but shorter than the period to which the interest will be applied. The amount of the difference plus the interest shall be payable within three Business Days from the date when the obliged Contracting Party becomes aware of this Amount.

18.2. If it is not possible to determine the Benchmark by the method indicated in the Confirmation or laid down in these Terms and Conditions because it is not published in information media (market failure), the Contracting Parties have agreed that the Benchmark shall be calculated from the average of quotes (obtained by the Bank) in the relevant interbank foreign

exchange, commodity or other market from at least three reference banks, always for two Business Days before the day when the Benchmark is used pursuant to these Terms and Conditions. If it is not possible to determine the Benchmark even by this method because there is no quote for the relevant market, the Contracting Parties have agreed that the value of the Benchmark shall be determined as the value quoted by the Bank two Business Days before the date when the Benchmark is used pursuant to these Terms and Conditions and if the Bank does not quote such a value, the value of the Benchmark shall be set by the Bank exercising due professional care.

18.3. If (i) the Benchmark permanently ceases to be available (e.g. Benchmark ceases to exist), or (ii) it becomes unlawful to use the Benchmark (e.g. an administrator of the Benchmark withdraws its request for license to use the Benchmark; or the Benchmark or its administrator is deleted from the relevant register kept by ESMA), or (iii) the methodology to calculate the Benchmark materially changes within the meaning of Benchmark Regulation and IOSCO Principles in the view of the administrator of such Benchmark (e.g. geographic, economic or sectorial scope of the Benchmark considerably changes), or (iv) the relevant authorities announce that such Benchmark is no longer representative, such a Benchmark (hereinafter only a **“Relevant Benchmark”**) shall be replaced by other Replacement Benchmark (hereinafter only a **“Replacement Benchmark”**).

18.4. Replacement Benchmark shall be such a Benchmark which:

- a) is recommended by the relevant authorities (including any working group constituted or endorsed by them) for the replacement of the Relevant Benchmark;
- b) if not possible to proceed according to letter a) above, the Bank determines in good faith is considered, pursuant to any evolving or then prevailing market practice, the Replacement Benchmark in similar transactions in the same currency referencing a benchmark with an equivalent or comparable term to the Relevant Benchmark;
- c) if not possible to proceed according to letter b) above, the Bank determines in good faith is the most comparable to the Relevant Benchmark.

18.5. The Replacement Benchmark shall be adjusted with an Adjustment Spread (hereinafter only **“Adjustment Spread”**) in order to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit to the Contractual Parties as a result of the replacement of the Relevant Benchmark by the Replacement Benchmark.

18.6. In relation to replacement of the Relevant Benchmark by the Replacement Benchmark such Adjustment Spread shall be:

- a) the Adjustment Spread recommended by the relevant authorities (including any working group constituted or endorsed by them);
- b) if not possible to proceed according to letter a) above, the Adjustment Spread that the Bank determines in good faith is considered an evolving or then prevailing market practice in similar transactions (including over-the-counter derivatives);
- c) if not possible to proceed according to letter b) above, the Adjustment Spread which the Bank, acting in good faith, determines to be appropriate.

18.7. The Bank shall inform the Client on replacement of the Relevant Benchmark by the Replacement Benchmark including the Adjustment Spread, along with effectiveness of the changes in relevant Transactions, promptly after effectiveness of such changes. Such changes shall be binding upon the Client without requirement for the approval of the Client. In this case, the Client is not authorized to unilaterally terminate the relevant Transactions.

18.8. In exceptional cases, in order to prevent losses of the Contractual Parties and for the purpose of acting with professional care by the Bank, if it is not possible to proceed according to point 18.4. above, the Bank is authorized to consider such an event to be the Event of Early Termination in line with Art. VII point 2.2. letter b) of these Terms and Conditions.

18.9. If the terms of issue or prospectus of a Financial instrument or financial contract provide in relation to Benchmarks different procedure relating to market failure, permanent unavailability, unlawfulness, material change or announcement of the relevant authorities that such a Benchmark is no longer representative, or any similar situation, provisions of relevant terms of issue or prospectus of a Financial Instrument or a relevant financial contract shall prevail.

18.10. Without prejudice to the above-mentioned provisions, the issuer may reserve the right for early (one-off or regular) repayment of bonds in their nominal value, or early repayment or settlement of other debt securities under relevant law order.

## 19. Confidentiality of Information

19.1. Information that is not publicly available, which is supplied in spoken, or written (including electronic) form in connection with the conclusion of a Transaction shall be deemed confidential and secret. Both Contracting Parties shall be obliged to take all measures necessary to prevent the disclosure of

confidential information to unauthorised persons, or the abuse of such information. Sending of Confirmations to Clients – Nonconsumers via electronic means is not considered a violation of this paragraph, unless Contracting Parties agree otherwise. Both Contracting Parties shall also be obliged to maintain commercial secrecy in relation to matters of a commercial nature relating to the business activity of the other Contracting Party that have an actual or at least a potential material or non-material value and are not standardly or publicly available in the business circles concerned.

## **20. Obligation to conclude a Transaction**

20.1. No obligation for the Bank to conclude any Transaction with the Client shall be established by the Framework Agreement or these Terms and Conditions. The Bank can do so only at its own discretion.

## **21. Force majeure**

21.1. The Bank shall not be liable for any delay or the impossibility of concluding a Transaction due to war, strikes, natural catastrophes, official restrictions imposed by state authorities or other events and circumstances over which the Bank has no control.

## **22. Compensation for withholding tax and fees (gross-up)**

22.1. If either of the Contracting Parties is or shall be obliged under applicable legislation to deduct, withhold or detain tax or fees from payments made under a Framework Agreement and/or a Transaction, the Contracting Party in question shall pay the counterparty additional amounts so that the counterparty receives the full amount to which it would be entitled if the deduction, withholding or detention were not required.

## **23. Provisions on Investment Advice**

23.1. The Bank requires the Client to complete an investment questionnaire to determine the Client's investment profile. Investment questionnaire of a Client which is a legal person shall be filled by a statutory body whereas the Authorised Person is obliged to fill the investment questionnaire separately. With respect to the knowledge and experience of the Client including Client which is a legal person, in case of an Order submitted by the Authorised Person knowledge and experience of Authorised Persons of the Client resulting from the investment questionnaire of the Authorised Person who submits the Order on Client's account shall apply (this shall not apply for the legal entity categorised as a professional client; in such a case the Bank assumes that Authorised Persons of the professional client have the necessary level of knowledge and experience in the area of investment in order to understand the risks involved in the Transaction). The Bank provides Investment Advice at its own initiative or at the Client's request. The outcome of Investment Advice is an assessment of a given

Transaction's suitability whereas also a product score of investment Financial Instruments is considered. If a given Transaction is suitable for the Client, the Bank will recommend the Client to undertake the Transaction. If a given Transaction is not suitable for the Client, the Bank will not recommend the Client to undertake the Transaction. If the Client determines that has preferences of sustainable investments in the investment questionnaire, the following is considered while assessment of suitability of an investment Financial Instrument (if possible): share of sustainable investments pursuant to the Regulation (EU) No. 2019/2088 as amended of the respective instrument, share of environmentally sustainable investments pursuant to Regulation (EU) No. 2020/852 as amended of the respective instrument. Bank considers principal adverse impacts on sustainability of the respective instrument only to such an extent as it is justifiably possible to require based on the data availability and effectiveness of Legal Regulations and in line with the document Provision of Investment Advice.

23.2. The Bank hereby informs the Client that if the Client does not complete the investment questionnaire or does not provide complete and accurate information, the Bank will not be able to provide Investment Advice and will also be unable to determine whether an investment service or Financial Instrument is suitable for the Client.

23.3. The reason for assessing the suitability of an investment service or Financial Instrument is to enable the Bank to act in the Client's best interest. It is in the Client's interest to provide accurate and complete answers to question which the Bank is asking in the investment questionnaire for the purpose of suitability assessment.

23.4. As a rule, the Bank provides Investment Advice to the Client in the form of a written statement on suitability of an Order or Transaction on a durable medium before the execution of the Order or the conclusion of the Transaction. If the applicable conditions laid down in the Act on Securities are met, the statement on suitability is provided to the Client immediately after the execution of the Order or the conclusion of the Transaction.

23.5. A Client is entitled to submit a purchase or sale Order for Financial Instruments that the Bank has assessed to be unsuitable for the Client, in which case the Bank accepts and transmits or executes the Order within the accepting, transmitting or executing an Order.

23.6. The Client must provide current information, particularly when completing the investment questionnaire or updating it when its validity expires. The validity period of an investment questionnaire is specified in the published document Provision of Investment Advice.

23.7. The Bank provides Investment Advice to Clients on a non-independent basis based on a commercial decision. The main subject-matter of suitability assessment comprises Financial Instruments issued by entities in the financial group of which the Bank is a member.

23.8. If an investment service is provided at the Client's initiative, the Bank reserves the right not to provide Investment Advice on certain Financial Instruments even though the Client has completed the investment questionnaire i.e. to assess only the appropriateness of the given transaction and the Financial Instrument, or to proceed without the assessment of either the suitability or appropriateness of the given transaction and Financial Instrument. The Bank hereby informs the Client that without fulfilment of the investment questionnaire by the Authorised Person in relation to the knowledge and experience, the Bank shall not be able to assess appropriateness of the Financial Instrument, thus not be able to determine whether the relevant investment service or Financial Instrument are appropriate for the Client.

23.9. The Bank does not provide Investment Advice in the following cases:

- a) The Client is categorized as eligible counterparty,
- b) The Client who is categorized as a professional client, concludes a Transaction with the Bank through Bloomberg (chat) platform,
- c) The Client buys securities to which he is an issuer, for the purpose of their amortization (i.e. not for the purpose of investment),
- d) In line with point 23.2. above, the Client fills the investment questionnaire only in the part of knowledge and experience with Financial Instruments (investment products) and investment services.

23.10. The Bank's Investment Advice on Financial Instruments under the Framework Agreement is the Investment Advice provided via product approach and as one-off method. To exclude doubt, the Framework Agreement does not establish an ongoing relationship between the Bank and the Client as defined in applicable legislation, nor does it oblige the Bank to provide periodic assessment of the suitability of Financial Instruments.

23.11. If the Client has signed a separate framework investment agreement with the Bank, which includes provisions on trading in Securities and the provision of Investment Advice in relation to Securities and investment products, the Investment Advice under this Framework Agreement is provided only in relation to hedging products specified mainly in Annex 2 of these Terms and Conditions. If a Client is a legal entity and

not a Private Banking Client, the Bank will provide Investment Advice in accordance with point 23.9 above unless the Client and the Bank agree otherwise in a separate framework investment agreement.

23.12. Further information on the provision of Investment Advice can be found in the document Provision of Investment Advice.

23.13. If the Client has concluded a Framework Agreement part of which was Art. II (Representations of Client) with the following representation: "With respect to a level of his professional knowledge and experience he can understand and understands essentials of trading the Transactions and is aware of any risks related to trading the Transactions," it is presumed that such representation of the Client implies only on cases when at entering into a Transaction no Investment Advisory is provided.

## 24. LEI

24.1. Applicable legislation requires that some Clients must have an LEI Code to execute transactions on financial market, and such Clients must notify the Bank of the LEI code when concluding Transactions with the Bank. A Client has fulfilled this obligation if they have notified the Bank of their LEI code for previous Transactions. The Client is responsible for ensuring that their LEI code information is correct and up to date.

24.2. If a Client is obliged to have an LEI Code, they must be aware that some information on the Client that is not personal data, e.g. the LEI code, may be processed in information systems belonging to the Bank or other entities in the group of which the Bank is a member for the purpose of complying with legislative duties.

## Article V. Client's Representations

### 1. Client's Representations

1.1. The Client – Nonconsumer hereby declares to the Bank (this representation shall be considered to be repeated by the Client – Nonconsumer at the conclusion of every Transaction) that:

- a) **Non-existence of certain events.** No Event of Default has occurred or is ongoing on the side of the Client – Nonconsumer nor, as far as the Client – Nonconsumer is aware, would an Event of Default occur as a result of the conclusion of a Framework Agreement and/or a Transaction or the execution of any Transaction by the Client – Nonconsumer or the fulfilment of the Client's obligations thereunder.
- b) **Fulfilment of obligations.** The Client – Nonconsumer (i) is not in violation of any



- obligation resulting from the Framework Agreement and/or the Terms and Conditions and/or a Transaction and/or any other agreement concluded with the Bank in which after the serving of the corresponding required notice or the expiry of an additional period for performance could lead to a shortening of the deadline for performance of obligations under the Framework Agreement and/or the Terms and Conditions and/or a Transaction and/or any other agreement concluded with the Bank or its premature termination, and (ii) has not entirely or partly withdrawn, cancelled, rescinded or refused execution of a Transaction (or such a measure was taken by a person or subject appointed and authorised to assign it or act under it).
- c) **Pari passu.** Obligations that the Client – Nonconsumer has incurred or shall incur under a Framework Agreement and/or the Terms and Conditions and/or a Transaction shall be in all respects on at least the same level of rights (*pari passu*) as all other current and future unsecured and unsubordinated obligations of the Client – Nonconsumer and at the present time there are no legal restrictions on any of the Client – Nonconsumer’s property rights, revenues or rights to receive income.
- d) **Exclusion of dissolution.** No steps have been taken and no steps will be taken, nor is there any impending court action for the dissolution of a Client – Nonconsumer that is a legal entity (neither with nor without liquidation), for bankruptcy or restructuring or for the appointment of a receiver (in particular a receiver in bankruptcy, an interim receiver or a receiver in forced administration) or liquidator in relation to a Client that is a legal entity or a similar official in relation to a Client – Nonconsumer, and no equivalent event has occurred in any jurisdiction.
- e) **Environment.** The Client – Nonconsumer declares that if the Client engages in business or other activity:
- (i) its business or other activities comply with acts of general application for environmental protection;
  - (ii) there are no circumstances or conditions affecting the Client’s Activity and property that could result in a duty to pay compensation for damage caused by environmental pollution;
  - (iii) the Client has received no notice from state or other administration authorities regarding any breach of legislation on environmental protection.
- f) **Conformity with organisational documents.** If the Client – Nonconsumer is a legal entity, the signing and conclusion of a Framework Agreement and/or Transaction and all other acts necessary for their performance have been duly approved and executed in accordance with the Client’s organisational documents (foundation deed or memorandum of association, partnership contract, articles of association, etc.).
- g) **Contractual obligations.** The obligations of the Contracting Party under the Framework Agreement and/or a Transaction are valid and binding obligations that can be enforced against the Contracting Party in courts in the Slovak Republic (subject to applicable law on bankruptcy and restructuring or equivalent legislation).
- h) **Permits.** The Contracting Party has obtained all necessary permits, licences and other forms of authorisation necessary to conclude a Framework Agreement and/or a Transaction and to perform all obligations thereunder and that all such permits, licences and other forms of authorisation are fully valid and effective.
- i) **Relations between the contracting parties.** The Client – Nonconsumer declares that on the date of conclusion of the Transaction (if the Confirmation for the Transaction does not stipulate otherwise) that the Client – Nonconsumer:
- (iv) the Client – Consumer is acting for its own account;
  - (v) unless the Bank has expressly provided Investment Advice to the Client – Nonconsumer, the Client – Nonconsumer has independently decided to conclude this Transaction, having decided whether the Transaction is correct or beneficial according to their own judgement and consultations with experts such as they deem necessary. They are not relying on any information provided (in written or spoken form) by the Bank and do not consider such information to be Investment Advice or a recommendation to conclude the Transaction; they also acknowledge that information and explanations of the conditions of the Transaction shall not be considered to be Investment Advice or a recommendation to conclude the Transaction in question. No notification delivered to the Client – Nonconsumer (in written or spoken form) shall be considered an assurance or

guarantee in connection with the expected results of the Transaction.

- (vi) is able to evaluate and comprehend the Transaction (itself or with the assistance of own independent professional adviser) and understands and accepts the conditions and risks of the Transaction, in particular market and counterparty risk. They are also able to take on and accept the risks of the Transaction
- (vii) concludes this Transaction for purposes related to its business or investment activities and in no case as a game or bet (as defined in Art. 845 of the Civil Code) and no Transaction shall be considered a game or bet.

1.2. The Client – Consumer undertakes to comply with the obligations listed below, and this throughout the term of the Framework Agreement concluded with the Bank:

- a) **Non-existence of certain events.** The Client – Consumer undertakes to conclude the Transaction only if no Event of Default has occurred or is ongoing on the side of the Client – Consumer nor, if as far as the Client – Consumer is aware, would an Event of Default occur as a result of the conclusion of a Framework Agreement and/or a Transaction or the execution of any Transaction by the Client – Consumer or the fulfilment of the Client’s obligations thereunder.
- b) **Fulfilment of obligations.** The Client – Consumer undertakes to conclude the Transaction only if the Client – Consumer (i) is not in violation of any obligation resulting from the Framework Agreement and/or the Terms and Conditions and/or a Transaction and/or any other agreement concluded with the Bank in which after the serving of the corresponding required notice or the expiry of an additional period for performance could lead to a shortening of the deadline for performance of obligations under the Framework Agreement and/or the Terms and Conditions and/or a Transaction and/or any other agreement concluded with the Bank or its premature termination, and (ii) has not entirely or partly withdrawn, cancelled, rescinded or refused execution of a Transaction (or such a measure was taken by a person or subject appointed and authorised to assign it or act under it).
- c) **Pari passu.** The Client – Consumer undertakes to conclude the Transaction only if the obligations that the Client – Consumer has incurred or shall incur under a Framework Agreement and/or the Terms and Conditions

and/or a Transaction shall be in all respects on at least the same level of rights (pari passu) as all other current and future unsecured and unsubordinated obligations of the Client – Consumer and at the present time there are no legal restrictions on any of the Client – Consumer’s property rights, revenues or rights to receive income.

- d) **Contractual obligations.** The Client – Consumer undertakes to conclude the Transaction only if the obligations of the Contracting Party under the Framework Agreement and/or a Transaction are valid and binding obligations that can be enforced against it in courts in the Slovak Republic (subject to applicable law on bankruptcy and restructuring or equivalent legislation).

- e) **Relations between the contracting parties.** The Client – Consumer undertakes to conclude the Transaction only if on the day when the Client – Consumer concludes the Transaction the following hold true:

- (i) the Client – Consumer is acting for their own account;
- (ii) unless the Bank has expressly provided the Client – Consumer Investment Advice in relation to the particular Transaction, has independently decided to conclude this Transaction, having decided whether the Transaction is correct or beneficial according to their own judgement and consultations with experts such as they deem necessary. They are not relying on any information provided (in written or spoken form) by the Bank and do not consider such information to be Investment Advice or a recommendation to conclude the Transaction; they also acknowledge that information and explanations of the conditions of the Transaction shall not be considered to be Investment Advice or a recommendation to conclude the Transaction in question. No notification delivered to the Client – Consumer (in written or spoken form) shall be considered an assurance or guarantee in connection with the expected results of the Transaction;
- (iii) is able to evaluate and comprehend the Transaction (itself or with the assistance of own independent professional adviser) and understands and accepts the conditions and risks of the Transaction, in particular market and counterparty risk. They are also able to take on and accept the risks of the Transaction

- (iv) the Client – Consumer concludes this Transaction for the purposes related to its investment activities and in no case as a game or bet (as defined in Art. 845 of the Civil Code) and no Transaction shall be considered a game or bet.

## Article VI. Transaction Limits and their use

1. The Bank may set internal financial limits for Transactions entered into with the Client under the Framework Agreement (hereinafter only “**Limits**”).

2. The Limits can be changed by decision of the Bank while the Framework Agreement is in force. The new Limit set by the Bank shall come into effect when the Bank decides on the change of the Limit. The Client has the right to ask the Bank for information on the current level of the Limit at any time. The Bank shall be entitled to refuse to conclude a Transaction if any of the Limits would be exceeded as a result. At the Client’s request, the Bank will inform the Client whether the Limits allow the Client to conclude a proposed Transaction.

3. If the total Mark-to-market Loss for a Transaction is equal to or greater than 80% of the current set Limit, the Bank shall be entitled (but in no case obliged) to attempt to execute a stop-loss measure closing one Transaction or more Transactions of the Client at the conditions in effect in the respective financial market at the given time so that the overall Mark-to-Market Loss on the Transaction is at most 80% of the Limit. If the Bank closes one or more Transactions, the Transactions will be closed according to their Mark-to-Market Loss, i.e. the first to be closed will be the Transaction with the highest absolute Mark-to-Market Loss, then the Transaction with the second highest absolute Mark-to-Market Loss and so on until the Client’s overall Mark-to-Market Loss is no more than 80 % of the current set Limit. If two or more Transactions have the same loss and also in cases where the conditions on the financial markets change so quickly that the order of the degree of loss on the Transactions cannot be reliably determined, the Bank has the right to choose which Transaction it will close. The Contracting Parties hereby expressly exclude the possibility to close only a part of a Transaction. The Client shall be liable in full for any loss from a Transaction or multiple Transactions caused by their closure, regardless of when closure of the Transaction(s) takes place.

4. The Client accepts that the Bank is not obliged to execute a stop-loss measure and that in executing a stop-loss measure, the Bank is limited by current conditions on the given financial market at the time in question and therefore may not be able to execute a

stop-loss measure sufficiently quickly or under conditions most advantageous for the Client, or may not be able to execute a stop-loss measure at all.

5. The Contracting Parties have agreed that the Client’s overall Mark-to-Market Loss shall be calculated as the sum of all the Client’s open positions from Transactions that are in a Mark-to-Market Loss at the time of calculation, and the Client’s open positions from Transactions that show a Mark-to-Market Profit at the time of calculation of the overall Mark-to-Market Loss shall not be taken into account.

## Article VII. Fulfilment and security of obligations under Transactions

### 1. Fulfilment of obligations

1.1. In order to ensure fulfilment of the Client’s obligations under concluded Transactions, the Client hereby gives the Bank an order to transfer funds from the Account to settle the Client’s obligations under the concluded Transaction.

1.2. Unless stated otherwise in the Confirmation, the Transaction in question will be settled by payment or by an Account–Account method as follows:

a) **Settlement by payment.** If the Transaction is to be settled by payment, the beneficiary must receive the payment on the account designated by the payer in advance no later than 16:00 local time on the date when payment is due, using funds with the same Value Date. If payment is made in EUR the payment will be considered made if the amount in question is credited to the clearing account of the Beneficiary’s Bank in a clearing institution or the operator of a clearing system in accordance with the applicable act on payment services no later than the date when payment is due, using funds with the same Value Date.

b) **Account–Account Settlement.** If the Transaction is to be settled by the Account–Account method, the Bank may debit any of the Accounts or credit funds to any Account. The Bank shall first debit or credit funds from or to the Account specified in the Confirmation and the Client shall be obliged to ensure that there are sufficient funds on this Account. The Client expressly authorises the Bank to use any credit balance in the Client’s favour on any of the Accounts in the Bank to settle a Transaction using the Account–Account method.

1.3. If the Client has more than one Account opened in the Bank, the Bank will implement the Client’s payment order under point 1.1 of this Article of the Terms and Conditions from an Account in the same currency as the currency of the concluded Transaction. If there are more such Accounts, the Bank may execute the transfer order from any Account. If there is no such Account in the required currency, and if the Bank and

the Client do not expressly agree otherwise, the Bank shall realize the payment order from any Account in another currency and for the purpose of the currency conversion, the Bank shall be entitled to determine the exchange rate based on the official exchange rate list issued by the Bank for foreign exchange operations in force on the Settlement Date of the Transaction (for purpose of this Article VII of the Terms and Conditions, hereinafter only the “**Exchange Rate**”). If the Bank’s exchange rate list does not include the Exchange Rate for the currency in question, the Bank shall set the Exchange Rate based on market conditions in effect on the Settlement Date for the Transaction.

1.4. The Bank will fulfil its obligations resulting from the concluded Transaction by one of the following methods or any combination thereof:

- a) By credit transfer to an Account maintained by the Bank in the same currency as the currency of the concluded Transaction. If the Client does not have an Account opened in the Bank in the currency of the concluded Transaction, the Bank will credit funds to any Account maintained by the Bank;
- b) by offsetting. The Bank shall be entitled to unilaterally offset any of its receivables against a Client – Nonconsumer from any receivables of the Client – Nonconsumer against the Bank regardless of whether they are due or not due for payment, current or future, lapsed or not lapsed. The Bank is entitled to unilaterally offset any of its payable non-lapsed receivables against the Client – Consumer from any non-lapsed receivables of the Client – Consumer against the Bank, irrespective of whether this concerns existing or future receivables of the Client – Consumer against the Bank.

1.5. The Bank is not be obliged to fulfil obligations under a Transaction concluded with a Client – Nonconsumer if the Client – Nonconsumer is in default with the fulfilment of any of its obligations or duties arising from the Framework Agreement and/or a Transaction and/or these Terms and Conditions and/or other contractual relationship concluded with the Bank. The Bank is not obliged to fulfil its obligations arising from Transactions concluded with a Client – Consumer if the Client – Consumer is in default in fulfilling any obligation or duty under a Framework Agreement and/or Transaction and/or these Terms and Conditions.

1.6. If a Client – Nonconsumer fails to pay any payable amount, it shall be required immediately at the Bank’s request and in no case more than three Business Days thereafter to make due acknowledgement of his/her obligation or debt in the

form of a notarial deed serving as warrant for execution in accordance with the relevant provisions of the Act No. 323/1992 Coll. on notaries and notarial activities (the Code of Notary Procedure), as amended. The notarial deed shall include specification of the debt as the amount of the Client’s obligation as at the date of the making of the notarial deed, a description of how the obligation arose and how it will be repaid, and the Client’s consent as the obliged person for enforceability of the notarial deed. The Client shall deliver 1 (one) copy of the notarial deed to the Bank without delay.

1.7. If the Client has knowledge of the existence mutual payable receivables between the Client and Bank that the Bank has not yet unilaterally offset, the Client must ask the Bank to offset them. To eliminate doubt in relation to point 1.4 (b) of this Article of the Terms and Conditions, unless the Bank and a Client – Nonconsumer agree otherwise, the Client – Nonconsumer shall not be entitled to offset unilaterally any receivables against the Bank from the Bank’s receivables against the Client without the Bank’s consent. The provisions of point 2 of this Article shall not be affected hereby, nor the right of the Client – Consumer, under the respective provisions of the Civil Code, to enforce their right to offset a payable receivable of the Client – Consumer toward the Bank in the case of partial or complete failure to fulfil an obligation from the side of the Bank.

## **2. Rights of the Bank**

2.1. The occurrence of any of the following cases or circumstances in relation to the Client shall be deemed an “**Event of Default**”:

- a) the Client breaches any of their obligations or duties arising from the Framework Agreement and/or Transaction and/or these Terms and Conditions and/or, in the case of a Client – Nonconsumer, also any other agreements concluded with the Bank;
- b) it is shown that a representation made by the Client in the Framework Agreement, Confirmation, these Terms and Conditions and/or, in the case of a Client – Nonconsumer, also in other agreements concluded with the Bank or information provided by the Client to the Bank at conclusion of the Transaction is false, incomplete or inaccurate, or if such a representation becomes so during the term of the Framework Agreement and/or the Transaction;
- c) the Client has failed to establish or replenish the security within a period determined by the Bank and in the manner requested by the Bank pursuant to the Framework Agreement, Contract and/or the Terms and Conditions;

- d) the Client is late in repayment of any amount owed and due under the Framework Agreement or Transaction or, in the case of a Client – Nonconsumer, is late in the fulfilment of monetary obligations arising out of any other agreements concluded with the Bank, unless the Client’s delay was caused by a technical breakdown on the part of the Bank;
- e) a Client – Nonconsumer or an entity controlling the Client – Nonconsumer or an entity controlled by the Client – Nonconsumer is late in fulfilment of its statutory or contractual obligations towards the Bank, its other creditors, the state or other entities;
- f) a fact or series of facts occur representing a substantial change of conditions under which the Transaction was concluded and/or substantial deterioration of the economic and financial situation of the Client and which, in the Bank’s justified opinion, may have a material negative impact on the financial situation of the Client which might seriously threaten the fulfilment of the Client’s duties under the Framework Agreement, Transaction and/or these Terms and Conditions, in particular the obligation for repayment of the required amount or performance of delivery in the period agreed;
- g) against the Client or an entity controlling the Client – Nonconsumer or controlled by the Client – Nonconsumer, or an entity whose obligations the Client – Nonconsumer secures is commenced bankruptcy or restructuring proceeding or any other proceeding caused by unwillingness or incapability to pay or by over-indebtedness or a liquidation decision has been adopted with respect to any of the above mentioned persons;
- h) the Client becomes a person with a special relationship to the Bank under respective legislation or agreement of the Contracting Parties;
- i) the monetary funds on the Account are subject to execution or the Client’s real estate property or other assets become subject to a public auction or execution; or
- j) any other case or circumstance arises that is defined as an Event of Default in the Framework Agreement.

2.2. The occurrence of any of the following cases or circumstances in relation to the Client shall be deemed an **Event of Early Termination**:

- a) as a result of the adoption of any generally applicable legislation or any amendment of generally applicable legislation after the date

when the Transaction was concluded or any change in the interpretation of generally applicable legislation after the above date (such cases shall be referred to jointly as “**Unfavourable Regulatory Changes**”) the fulfilment of any obligation of either Contracting Party under the Framework Agreement and/or Transaction becomes illegal or according to a decision of the Bank made in good faith, any such Unfavourable Regulatory Change has one of the following effects: (i) the requirement or significantly unfavourable adjustment of any provision, compulsory minimum reserve, special deposit to a regulatory body or the like; (ii) a significant effect on the required capital adequacy ratio; or (iii) a Contracting Party suffers a significant loss as a result of the reclassification of any payments or supplies to be carried out in the Transaction; or

- b) event pursuant to Art. IV point 18.8. of these Terms and Conditions;
- c) any other case or circumstance arises that is defined as an Event of Early Termination in the Framework Agreement.

2.3. Should there occur an Event of Default or Event of Early Termination (regardless of the reason for its occurrence) and this state persists, the Bank shall be entitled:

- a) in an Event of Default, to early terminate all existing Transactions or (at its sole discretion) all existing Transactions from which, with regard to their nature, an Open Position may arise; and/or
- b) in an Event of Early Termination, to terminate all existing Transactions that are, at the Bank’s sole discretion, affected by the given Event of Early Termination; and/or
- c) to reduce or stop use of the Limit set for the conclusion of Transactions; and/or
- d) in the case of a Client – Nonconsumer, to block all Accounts (including but not limited to suspending the execution of the Client – Nonconsumer’s payment orders and not paying out cash) prior to the maturity date of the Client – Nonconsumer’s obligations the repayment of which is jeopardised and use any received funds to repay such obligations of the Client – Nonconsumer and/or to create reserves on the Account in the form of a cash security - bail to repay the Client – Nonconsumer’s obligations under the Framework Agreement and/or Transaction payable in the future up to the amount of these obligations, determined by a sum reflecting the Mark-to-Market Loss from the Transactions,

and in this case the Bank shall be not liable for damages suffered by the Client – Nonconsumer as a result of the use of its monetary funds for repayment of the aforementioned obligations.

2.4. When exercising its rights under the preceding point 2.3 in relation to a Client Consumer, the Bank shall consider the severity of the Event of Default and the severity of the change of circumstances that occurred and the changes of conditions under which the Framework Agreement and/or Transaction was concluded. In the case of termination of Transactions in relation to a Client – Consumer, it shall also apply that an Event of Default or Event of Early Termination shall be construed to have occurred based on serious objective reasons that were not caused by the Bank, that could not have been foreseen or averted by the Bank and which prevent the Bank in fulfilling its obligations pursuant to the Framework Agreement and/or respective Transaction and/or these Terms and Conditions; the Bank in such case is obliged to inform the Client – Consumer in writing of the early termination of the respective Transaction as well as of the reasons for its early termination, and this in accordance with point 2.7 of this Article of the Terms and Conditions.

2.5. If an event or circumstance would otherwise represent or cause an Event of Default and it is also an Event of Early Termination, it shall be deemed an Event of Early Termination and shall not be considered an Event of Default under these Terms and Conditions.

2.6. The Client shall be obliged to notify the Bank and provide information in the event of the occurrence or risk of the occurrence of any Event of Default or Event of Early Termination without unnecessary delay on becoming aware of the situation or information, or when the Client should be so aware.

2.7. The Bank shall notify the Client in writing of the termination of Transactions (hereinafter the **“Notice of Termination of Transactions”**). The Notice of Termination of Transactions becomes effective on the date of its delivery, or expiry of the deadline for its collection, or refusal of the Notice of Termination of Transactions, or on another later date following at most 20 days after the date of the Notice of Termination of Transactions, which is stated in the Notice of Termination of Transactions (hereinafter as the **“Termination Date”** or the **“Date of Early Termination”**). The setting of the Date of Early Termination is irreversible, irrespective of whether the Event of Default or Event of Early Termination ceases after it is setting. Upon the setting of the Date of Early Termination, all Transactions stipulated in the Notice of Termination of Transactions shall be terminated (hereinafter as the **“Transactions being Terminated”**), whereas all payable and non-payable,

existing and future receivables and obligations of the Bank and the Client resulting from the Transactions being Terminated shall be replaced by a single net obligation of the respective Contracting Party to pay the early termination amount calculated by the Bank (hereinafter as the **“Early Termination Amount”**). The Bank shall calculate the Early Termination Amount within a reasonable period following the Date of Early Termination and notify the Client of it in writing. The Contracting Parties have agreed that the Early Termination Amount shall be equal to the value of the Settlement Amount increased by the Amount of the Client’s Unpaid Obligations and decreased by the Amount of the Bank’s Unpaid Obligations, in each case expressed in the currency euro, and the Bank shall perform any necessary conversion in accordance with its ordinary practice. If the Early Termination Amount is positive, the Client shall be obliged to pay the Bank the Early Termination Amount within 2 days of its notification, to the Bank’s account specified by the Bank. If the Early Termination Amount is negative, then the Bank shall pay the Client the absolute value of the Early Termination amount within 2 days from its notification to the Client’s account held in the currency of the termination and specified by the Client.

2.8. The Bank is obliged to state in the notice of the Early Termination Amount:

- a) the amount of the Bank’s unpaid obligations to the Client from completed Transactions that are due for payment (hereinafter only the **“Amount of the Bank’s Unpaid Obligations”**);
- b) the amount of the unpaid obligations of the Client to the Bank from completed Transactions that are due for payment (hereinafter only the **“Amount of the Client’s Unpaid Obligations”**);
- c) the Settlement Amount and
- d) the resultant Early Termination Amount.

2.9. Since the Client is a person with which the Bank, pursuant to specific regulations, is entitled to conclude a contract on the final settlement of profits and losses, the provisions of points 2.1 to 2.8 of this Article of the Terms and Conditions shall constitute a contract on the final settlement of profits and losses under Art. 180 of Act No. 7/2005 Coll. on bankruptcy and restructuring and on the amendment of certain acts, as amended.

2.10. The defaulting party, if not a Client – Consumer, shall on request indemnify and hold harmless the other Contracting Party for all proven cash payments including fees and costs for legal representation that the other Contracting Party incurs in the enforcement and protection of its rights under the Framework Agreement and/or the Transaction or as a

result of the early termination of any Transaction, in particular costs for recovering debts or obligations.

2.11. The Client may terminate all Transactions through the delivery of a written notification to the Bank solely if (i) the Bank fails, without entitlement, to fulfil its obligation to make payment or delivery, that the Bank is obliged to make under a concluded Transaction, and the Bank fails to fulfil this obligation also within an additional term of 10 days from the delivery of a written notification from the Client, (ii) the Bank's banking licence lapses or is revoked, or (iii) bankruptcy is declared on the Bank's assets. In the case of termination of Transactions from the side of the Client this point 2 of this Article of the Terms and Conditions shall apply similarly, wherein in such case the calculation of the Early Termination Amount shall be performed by the Bank.

2.12. Neither Contracting Party may unilaterally terminate or cancel (by notice of termination, withdrawal or in any other way) any Transaction whatsoever otherwise than provided for by the provisions of point 2 of this Article of the Terms and Conditions, and these provisions shall always apply to the settlement of terminated or cancelled Transactions whatever the reason for termination or cancellation (including cases of termination from the side of the Client or under a relevant legislative provision whose use cannot be excluded).

### **3. Collateral**

3.1. The purpose of this Article is to establish rules for collateral instruments securing the fulfilment of the Client's obligations resulting from Transactions concluded under the Framework Agreement and these Terms and Conditions up to the time of complete settlement of the Transaction if the Bank requires any of the following forms of collateral, or a combination thereof, to conclude a Transaction:

- a) Cash Collateral;
- b) Pledge over the Client's receivables against the Bank with real blocking or without real blocking;
- c) Overdraft loan;
- d) Another form of security permitted by law and as specified by the Bank and/or the Terms and Conditions (e.g. a blank promissory note completed according to an agreement on the right to complete the promissory note, the Blocking agreement for NDF Transactions, etc.).

3.2. Cash Collateral represents a real blocking (binding) of funds on one or more of the Accounts and/or on a Blocking Account, as a rule in the currency of the Transaction in accordance with and subject to the conditions laid down herein (hereinafter as the

**"Cash Collateral"**). If the Bank does not maintain an Account for the Client in the currency of the Transaction, the Bank shall be entitled to carry out the necessary conversion of Cash Collateral using the Exchange Rate. If the Bank's exchange rate list does not include an Exchange Rate for the currency in question, the Bank shall set the Exchange Rate based on market conditions in effect on the date of establishment of the Cash Collateral.

3.3. The Cash Collateral represents a guarantee pursuant to the applicable provisions of the Civil Code provided for the benefit of the Bank to secure the Bank's existing or potential future receivables connected with Transactions concluded pursuant to and in accordance with the Framework Agreement and/or these Terms and Conditions. The Client gives express and unconditional consent for the Bank to collect funds equal to the Cash Collateral from the Account in the amount required by the Bank to secure the obligations resulting from the Transaction, and to transfer them the Blocking Account(s) if it does not establish the Cash Collateral directly on the Account, which is fully in the Bank's competence.

3.4. The Client shall not be entitled to dispose of funds constituting the Cash Collateral, nor to pledge them to secure the receivables of third parties against the Client, nor to transfer the right to payment of funds constituting the Cash Collateral to a third party, and shall be obliged to prevent the creation of any third party rights over funds constituting the Cash Collateral. The preceding sentence applies to the Blocking Account *mutatis mutandis*.

3.5. The establishment of a Cash Collateral shall not require a separate act of the Client and the Bank will block funds constituting the Cash Collateral:

- a) at the moment of the Bank's requirement and in accordance with it, whereas the Bank shall be entitled to block funds on any of the Accounts in the Bank for a Client – Nonconsumer or on a Blocking Account and/or
- b) as at the moment of conclusion of the Transaction pursuant to the Framework Agreement and/or these Terms and Conditions in relation to which the Client establishes Cash Collateral in favour of the Bank.

The Bank shall be entitled to enter the established Cash Collateral into its records.

3.6. During the existence of the Cash Collateral the Client shall not be entitled to cancel the Cash Collateral or the Account(s) including the Blocking Account on which the funds constituting the Cash Collateral are blocked, or to rescind or by any other legal act terminate the contracts providing for the existence of the Cash Collateral. If the Client carries out any legal act resulting in the termination of the contracts

providing for the existence of the Cash Collateral, the Bank shall consider this action of the Client to be an Event of Default.

3.7. The Bank and the Client have agreed that if establishment of Cash Collateral is required and there are insufficient funds on the Accounts including Blocking Account, the Client shall be obliged to procure sufficient funds on the Account, or Blocking Account, at least in an amount corresponding to the Client's obligations under the concluded Transaction (i.e. anticipated Mark-to-Market Loss). If, during the process of concluding the Transaction, the Bank decides on reasonable grounds that the current Cash Collateral is insufficient, the Bank shall be entitled (though not obliged) to instruct the Client to provide additional Cash Collateral up to the amount required by the Bank within a reasonable period.

3.8. Where Transactions are concluded that are or should be settled on the date of their conclusion, the Bank is not obliged to require the establishment of Cash Collateral by the Client but the Client is obliged to ensure that there are sufficient funds on an Account to settle the concluded Transaction. If the Client does not provide sufficient funds on Accounts to settle the concluded Transaction, the Bank shall not settle the concluded Transaction and the concluded Transaction shall be automatically rescinded.

3.9. The Bank shall be entitled to use the Cash Collateral for the purposes of settling the Client's obligations from concluded Transactions and/or claims for compensation of damages, costs, losses and lost profit in the event of failure to pay any of the Client's obligations or duties under the Framework Agreement, the Transaction and/or these Terms and Conditions by the following methods and any combination thereof:

- a) by debiting the funds constituting the Cash Collateral from the Account(s), including the Blocking Account, where the Cash Collateral is blocked for its benefit or the benefit of any third party;
- b) by unilaterally offsetting its receivables against the Client – Nonconsumer from the Client – Nonconsumer's receivables against the Bank regardless of whether the receivable is due for payment or not, lapsed or not lapsed, existing or future;
- c) through the unilateral offsetting of its payable non-lapsed receivable against a Client – Consumer with non-lapsed receivables of the Client – Consumer against the Bank, regardless of whether the Client – Consumer's receivables toward the Bank are existing or future.

3.10. The Bank's obligations to the Client for the security shall be reduced by the amount of the Cash

Collateral that the Bank uses in accordance with point 3.9 of this Article of the Terms and Conditions.

3.11. The Contracting Parties have agreed that the Bank shall be entitled to unilaterally offset any of its receivables against the Client – Nonconsumer from the Client – Nonconsumer's receivables against the Bank regardless of whether the receivables are due for payment or not, lapsed or not lapsed, existing or future. The Contracting Parties have agreed that the Bank is entitled to unilaterally offset any of its existing, payable and non-lapsed receivables against the Client – Consumer from any non-lapsed receivables of the Client – Consumer against the Bank, regardless of whether the Client – Consumer's receivables are future or existing. The Bank is also entitled to unilaterally offset receivables in any currency using the Exchange Rate. Unless the Bank and the Client agree otherwise, the Client shall not be entitled to offset any receivable against the Bank from the Bank's receivables against the Client unilaterally without the Bank's consent. This is without prejudice to the Client – Consumer's right to offset its existing, payable and non-lapsed receivable against the Bank from an existing, payable and non-lapsed receivable of the Bank toward the Client – Consumer, if these mutual receivables are related to one Transaction and where the Bank has partially or completely failed to fulfil its obligations toward the Client – Consumer.

3.12. A pledge over the Client's receivables against the Bank with real blocking or without real blocking shall be established by means of a separate agreement on the establishment of a pledge over the Client's receivables against the Bank, which will be concluded between the Client as the pledgor and the Bank as the secured creditor and shall come into effect at the day of the registration of the pledge's registration in the Notarial Central Register of Pledges.

3.13. The Client undertakes to submit an application for registration of the pledge without unnecessary delay, no later than three Business Days after the establishment of the pledge. The Client shall also be obliged to bear any costs connected with the registration of establishment of the pledge under point 3.12 of this Article of the Terms and Conditions.

3.14. If the Client does not ensure registration of the establishment of the pledge in accordance with the concluded security agreement by the agreed deadline, the Bank shall be entitled to provide for the registration of the pledge at the Client's expense.

3.15. The Bank may open an overdraft account to secure the Client's obligations under a separately concluded written agreement. An overdraft account represents a credit limit that the Bank provides to the Client under a written agreement and which is connected to the Client's Account; use of the credit limit and its repayment shall be carried out automatically



according to the conditions laid down in the agreement and the rules governing the Client's use of the Account linked to the overdraft.

3.16. If the value of collateral falls or it loses its value during the term of the contractual relationship, the Client undertakes to provide additional security within a period determined by the Bank and in the manner required by the Bank in accordance with these Terms and Conditions or other agreements concluded with the Bank. For the purposes of the Terms and Conditions, the reduction or loss of value of collateral shall mean in particular the following:

- a) collateral provided by the Client or a third party is or becomes invalid, ineffective, unenforceable, inexecutable or unrecoverable, or
- b) the collateral was provided on the basis of inaccurate, incomplete or mistaken information, or
- c) security, material or other rights are established over pledged assets for the benefit of third parties, or
- d) other factors that the Bank has reasonable grounds to believe could cause a reduction in the value of collateral provided by the Client.

3.17. Under generally binding legal regulations, the Bank shall not conclude title transfer financial collateral arrangements with a non-professional client for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients. The Bank shall not conclude securities financing transactions with non-professional clients.

## Article VIII. Final Provisions

1. In line with the legal regulations, the Bank provides the Client with additional information relating to the provided investment services, principles of client categorization, target market, financial instruments, execution venues and possibilities for execution of client's orders as well as information on costs and charges relating to provision of investment services. Detailed information on the above-mentioned is included in the following documents: (i) Best execution policy, (ii) Information on financial instruments, their safeguarding and risks related with trading in financial markets, (iii) Information on rules concerning conflict of interest, (iv) Announcement on target market to the Framework Agreement on Trading in Financial Markets, (v) Provision of investment advisory in ČSOB, as well as in particular segment, (vi) Information on product score of products of financial markets, (vii) Fee schedule, (viii) Terms and Conditions, which are available on the Bank's website: <https://www.csob.sk/pravne-informacie#mifid>; <https://www.csob.sk/dolezite-dokumenty#sadzobniky-poplakov>; [\[dokumenty#obchodne-a-poistne-podmienky\]\(#\) or at a private banker.](https://www.csob.sk/dolezite-</a></p></div><div data-bbox=)

2. In line with the legal regulations, the Bank provides the Client with additional information relating to the particular Financial instruments which are included in the following types of documents: (i) Key information document, (ii) Terms of Issue, and possibly Prospectus of a Security, which are available on the Bank's website: <https://www.csob.sk/o-nas/banka#cenne-papiere>; [www.csob.sk/o-nas/cenne-papiere/program-ic](http://www.csob.sk/o-nas/cenne-papiere/program-ic); <https://www.csob.sk/pravne-informacie#priips>, or at a private banker.

3. The Client is obliged to provide the Bank with information that it requests on the Client's financial situation and matters relating to the investments and aims that the Client wishes to achieve by concluding a Transaction.

4. In connection with the conclusion of Transactions under a Framework Agreement and these Terms and Conditions, the Client shall be obliged to provide the Bank, at its request, with cooperation necessary to ensure the timely, trouble-free and successful conclusion of a Transaction or the execution of the Client's Order.

5. The Bank will send the Client a key information document by post if the Client specifically requests it.

6. If the Client has doubts regarding the timely and correct conclusion of a Transaction or the performance of the Bank's obligations, the Client shall be entitled to submit a complaint in accordance with these Terms and Conditions under the following conditions:

- a) the Client shall submit the complaint in writing to the Bank department through which the Client concluded a Transaction or to which the Client's Order was submitted;
- b) the Client shall submit the complaint without unnecessary delay, no later than fifteen Business Days from the date when the Transaction was or could have been concluded, or when the Client's Order was or could have been executed. If an order was given with a longer period of validity, the deadline for submitting a complaint shall be counted from the date when the Client's Order could have been executed for the first time;
- c) if any of these points is not satisfied, in particular the deadlines for submission of complaints, the Bank shall be entitled to reject the Client's complaint.

7. The Bank shall be obliged to deal with the Client's complaint within thirty days of its delivery either by satisfying the Client's complaint claim or by rejecting it giving appropriate justifications.

8. The Bank undertakes:
- d) to act in the provision of investment services and ancillary services and the execution of investment activities in accordance with the principles of fair trading and due diligence for the benefit of the Client, and to perform its activities in such a way as not to endanger the security of the financial system;
  - e) not to engage in activity constituting manipulation of a securities bid/offer price;
  - f) to establish a list of execution venues that will enable the Bank to obtain the best possible result for the Client when executing the Client's Orders, and to monitor and update this list of execution venues and to use also other execution venues when executing the Client's Order when it is in accordance with the aim of achieving the best possible result of execution of the Client's Order;
  - g) to inform the Client of the existence and conditions of all financial guarantees relating to financial instruments or funds belonging to the Client that the Bank has or may have, and any rights to offset receivables in connection with these instruments or funds;
  - h) to take into account, when assessing the best possible result, fees and other costs applicable to a transaction, the timing of the transaction, the type of financial instrument and the execution venue of the transaction, and to apply in all matters the principles of confidentiality, prudence and respect for and prioritisation of the Client's interests.
9. The Bank is obliged:
- a) to notify the Client in an appropriate manner of his/her classification as a non-professional client, professional client or eligible counterparty, to provide the Client with information on a permanent medium regarding the Client's right to request classification in another category and on every restriction of the level of protection of the Client connected with this category if this form for the provision of information is chosen from a choice between provision in documentary form and provision on another permanent medium.
  - b) to inform the Client in the event that a person with whom financial instruments are registered may have a lien or other security interest over the Client's financial instruments or funds, or the right to offset receivables in connection with the Clients' financial instruments or funds.
  - c) to provide the Client with information on the status of the Client's Order;
  - d) to take measures to achieve the best possible result for the Client when executing Client's Order, taking into consideration the price, costs, the speed and probability of execution of the Client's Order, the settlement of the Transaction, the size and character of the Client's Order and other criteria affecting its execution. If the Client gives a specific instruction in connection with the Client's Order or its specific character, the Bank shall be obliged to execute the Client's Order in accordance with these specific instructions and proceeding in this way shall be deemed to fulfil the duty to achieve the best possible result of the Client (e.g. submission of an instruction on acceptance of takeover bid);
  - e) to prove, at the Client's request, that it has executed the Client's Order in accordance with the execution strategy approved by the Bank.
  - f) to inform the Client that the Securities Accounts on which the Client's foreign Securities issued or registered in a non-member state (i.e. a state that is not a member state of the European Union or other contractual state of the European Economic Area) are or will be held, are or will be subject to the law of a jurisdiction of the particular non-member state, whereby the Client's rights relating to those Securities may, for this reason, differ from those rights that the Client would have in respect of domestic or foreign securities issued or registered in a Member State;
  - g) to keep records on all provided investment services, investment activities and ancillary services and executed transactions so that the National Bank of Slovakia could fulfil its duties in the area of supervision and particularly find out whether ČSOB complies with all duties including duties towards Clients or potential clients and market integrity, in line with the Commission Delegated Regulation (EU) No. 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive. For this reason, phone calls between Bank employees and Clients or potential clients may be recorded.
10. The Bank shall be obliged to take measures pursuant to applicable legislation to identify conflicts of interest between on the one side itself, the members of its senior management, its employees, tied investment agents, persons connected with the Bank via a relationship of direct or indirect control and on the other

side its clients, or conflicts of interest between clients and other clients, which arise in the course of the provision of investment services, ancillary services and execution of investment activities, or a combination thereof; if it is not possible to avoid a conflict of interest in the provision of investment services, ancillary services and the execution of investment activities, the Client must be informed of character and the source of the conflict before the provision of the service or the execution of the activity; if the service is provided or the activity executed, the interests of the Client shall take precedence over the Bank's own and where there is a conflict of interest between clients, the Bank shall ensure fair and equal treatment for all clients.

11. The Bank is obliged to apply, enforce and abide by effective measures for handling conflicts of interest. Such measures must be laid down in written form and must be proportionate to the size and organisation of the Bank and the character, extent and complexity of its activities. If the Bank is a member of a group, the measures must take into account all circumstances that could lead to a conflict of interest resulting from the structure and commercial activities of the other members of the group and which the Bank is or should be aware of. The Bank undertakes to adopt and abide by effective measures for handling conflicts of interest.

12. Property of the Client placed in custody of the Bank does not become property of the Bank. The Bank may not use the Client's funds and financial instruments in its custody for its own benefit or for the benefit of third parties; this shall not apply if the Client gives consent for such use.

13. In line with the legal regulations and in relation to provision of investment and/or ancillary services, the Bank is authorized to accept or pay fees and commissions from/to a third party unless conditions stated in Securities Act are fulfilled. Bank hereby informs the Client on acceptance and payment of the following fees and commission to third parties, namely:

- a) Centrálny depozitár cenných papierov, a.s. (Central Securities Depository - CDCP) – fees paid by the Bank for provided services according to the published CDCP fee schedule, in relation to domestic (local) Securities;
- b) Burza cenných papierov Bratislava, a.s. (Bratislava Stock Exchange - BCPB) – fees paid by the Bank for provided services according to the published BCPB fee schedule, in relation to domestic (local) Securities;
- c) Garančný fond investícií (Investment Guarantee Fund - GFI) - contributions paid by the Bank according to the published decision of GFI council for that calendar year;
- d) Československá obchodní banka, a.s. – fees paid by the Bank for provided services according to the concluded service level agreement for settlement and custody of securities, and that in

the range of 40 – 70% of fees charged to Client, in relation to foreign Securities;

- e) Issuer of Securities – fees accepted by the Bank for subscription of the particular issue stated in the relevant product documentation whereas this fee does not represent any charge for a Client, if not stated otherwise;
- f) Patria Finance, a.s. – fees paid by the Bank in relation to provision of investment service reception and transmission of client orders to buy and sell Shares and ETFs (if Bank offers such a service), depending on the market where such Security is traded: Czech Republic – 0,10 % + 300 CZK, Germany – 0,09 % + 30 EUR, USA – 0,09 % + 40 USD, Hungary – 0,15 % + 6 000 HUF, Poland – 0,15 % + 60 PLN (stated % is calculated from the nominal value of Securities),

the Bank will provide more detailed information to the Client upon his/her request; Client has the right to file such request at Bank's places of business or via Bank's contact details published on its website, or via Dealer or Private banker. The Bank provides Client with an answer usually within 30 days since receipt of the request.

14. Bank could have accepted in the past and has the right to accept minor non-monetary benefits from third parties under Legal Regulations. Such minor non-monetary benefits could have included and may include namely:

- a) Education provided to Bank employees within the sales support;
- b) Written materials from a third party ordered and paid by an issuer or potential issuer, other than the Bank, with the objective to promote a new issue of this issuer of Securities, under the condition of publishing and availability of such material;
- c) Short-term market comments on the newest economic statistics;
- d) Materials on the results of an issuer;
- e) Short summaries of own opinion of third parties on information on the newest economic statistics or results of an issuer which are not reasoned nor include any factual analysis.

15. The Bank shall take part in the guarantee scheme of Financial Instruments and monetary funds of clients according to Section 80 and following of the Securities Act through the Investment Guarantee Fund (*Garančný fond investícií*). This protection applies to Financial Instruments which the Client entrusts with the Bank for safekeeping or which the Bank administers under custody. However, in relation to Financial Instruments which cannot become so called inaccessible client assets (as the Bank is able to return to the Client the financial instrument without causing any damage to claims of other clients) the Client shall

have no right for compensation from the Investment Guarantee Fund.

16. The Bank has the right to amend the Terms and Conditions unilaterally. The Bank informs the Client of any changes by making the Terms and Conditions available at its places of business, on its website and by an individual written notice for a Client – Consumer delivered not later than 15 days before the proposed effective date of the change. If the Client – Consumer does not inform the Bank that they do not agree with the amendments before the proposed effective date, the new wording of the Terms and Conditions becomes binding for the concluded contractual relationship from its effective date, as an amendment of the original agreed terms and conditions. If the Client – Consumer does not agree with the changes in the Terms and Conditions, they can terminate the Framework Agreement with immediate effect and without charge. This right must be exercised before the proposed effective date of the changes, whereas before the effectiveness of such immediate termination the Client – Consumer does not have right to submit Order for purchase and/or Order for sale of Financial Instruments and is obliged to request for termination of all lasting Transactions to which the Framework Agreement applies. If the right to immediate termination of the Framework Agreement is exercised, the Contracting Parties' receivables become payable immediately and will be settled in accordance with the Framework Agreement and applicable legislation. If the Client – Consumer does not agree with the proposed changes in the contractual relationship but does not terminate the contractual relationship before the proposed effective date of the changes, the Framework Agreements will be governed by the amended text of the Terms and Conditions. A change in contractual documentation that does not change the rights and obligations of the Contracting Parties and expresses only legislative and technical changes in the Framework Agreement is not considered to be an amendment of the Framework Agreement and in such cases the Bank does not have the special obligation relating to the notification of unilateral changes and the Client – Customer does not have the right to immediate termination of the Framework Agreement without charge.

17. If the Client submits a Client's Order or concludes a Transaction, this shall be understood as Client's acknowledgment and acceptance of the new Terms and Conditions before giving the Client's Order or concluding the Transaction and as indication that they agree with their content.

18. If any of the provisions of these Terms and Conditions become invalid, this shall not invalidate any of their other provisions.

19. These Terms and Conditions shall become valid on their publication date and effective from

15/03/2023, whereas they replace in full extent the Terms and Conditions effective from 25/07/2022 from the date of their validity and effectiveness.

## Annex 1 – basic information on financial instruments

### I. Basic option types

The following basic option types apply for all options regardless of the underlying asset, i.e. interest rate options, commodity options, foreign exchange options and the like.

**European** – an Option that the holder can exercise at a single pre-defined point in time (the Exercise Date)

**American** – an Option that the holder can exercise it at any time during the term of the contract.

**Knock-in** – an Option that becomes valid at the moment when a barrier event occurs (suspensive condition).

**Knock-out** – an Option that is valid until a barrier event occurs; after this occurrence, it becomes invalid (dissolving condition).

**One touch** – an Option that pays out a predefined amount if the price of the underlying asset reaches or surpasses a predetermined level.

**No touch** – an Option that pays out a predefined amount if the price of the underlying asset does not reach or exceed a predetermined level.

**Range** – Characteristic of an Option, in case of which pay-out depends on the movement of the price of an underlying asset within or outside a predefined range.

### II. Basic information on Foreign Exchange Options and an overview of their basic types

**Foreign exchange option (plain vanilla)** – gives the buyer the right, but not the obligation to buy (**call**) or sell (**put**) an agreed amount of a specified currency at a predefined exchange rate on a set date (**European type of option**) or before a set date (**American type of option**).

The Seller (or option writer) of the foreign exchange option is obliged, if the purchaser of the foreign exchange option exercises it, to supply or purchase the given volume for the agreed amount at the predefined exchange rate.

For the purchaser of the foreign exchange option to acquire this right, the option premium must be paid to the seller. Main variants:

- (i) European / American option;
- (ii) Exchange – a standard foreign exchange option on the foreign exchange market;
- (iii) Deliverable;
- (iv) Non-deliverable – A foreign exchange option where one of the currencies is a non-convertible currency. The profit or loss at the settlement date is calculated according to the difference between the agreed exchange rate and the spot exchange

rate in effect at the time of settlement or liquidation (usually fixed).

**(Average Rate Option - ARO)** – an option in which the pay-out (yield) is set according to the average of the spot exchange rate during the term of the option and the strike price.

**Barrier option** – an option where the exercise of the right depends on whether the basic foreign exchange rate has reached or not reached or exceeded or not exceeded a predefined trigger price, either during the term of the contract or at the maturity date. Main variants:

- (i) European / American option
- (ii) Knock-in/Knock-out barrier options – more speculative options than standard barrier options.
- (iii) Double knock-in/double knock-out options
- (iv) Window (partial)

**Digital (binary) option** – an option that has a predefined pay-out if the base exchange rate reaches (or does not reach) a predefined strike price. Main variants:

- (i) European / American option
- (ii) Knock-in/Knock-out option
- (iii) One-touch/Double One-touch option
- (iv) No-touch/Double No-touch option

### III. Basic information on FRA Transactions

**Forward Rate Agreement (FRA)** – an agreement between two parties on an interest rate for a set period in the future. It is similar to a forward contract (i.e. on a forward time deposit/loan) but in this case no real deposit or loan is made on the first maturity date of the contract. Instead the two parties settle a hypothetical loan or deposit at the first maturity date. The cash profit or loss is the discounted value of the difference between the contractual forward interest rate and the reference rate calculated from the notional value of the FRA. The contract defines the rates to be used together with the termination date and the notional value.

### IV. Basic information on interest rate options and an overview of their basic types

**Interest rate option cap – upper limit of interest rate (cap)** is an interest rate option where – if the market reference rate (e.g. EURIBOR, LIBOR) is greater than the upper limit for the interest rate – the holder receives the difference between them at the settlement date. If

the market rate is lower than the upper limit (cap), the seller shall make no payment.

**Interest rate option floor – lower limit of interest rate (floor)** is an interest rate option where – if the market reference rate (e.g. EURIBOR, LIBOR) is lower than the upper limit for the interest rate – the holder receives the difference between them at the settlement date. If the market rate is higher than the lower limit (floor), the seller shall make no payment.

**Interest rate option – Swaption** is an option that gives the buyer the right but not the obligation to conclude an interest rate swap agreement. The buyer and the seller agree on a strike rate, the duration of the option, the duration of the swap, the notional amount, amortisation and frequency of settlement. Main variants:

- (i) Cash settlement / deliverable
- (ii) European / American option
- (iii) Knock-in/Knock-out
- (iv) Double knock-in/Double knock-out

**Barrier interest rate option** is an option where exercise of the option depends on whether the underlying interest rate reaches / does not reach or exceeds or does not exceed a predefined level (the barrier) either during the term of the contract or on the maturity date. It can take a Knock-in or Knock-out form.

**An index-linked option** is an option that consists of two cash flows. The first part represents the return derived from the performance of the index, the second part represents the price of the first part of the cash flow, i.e. it consists of a premium payment either upfront or periodically.

## V. Basic information on interest rate swaps and an overview of their basic types

A) **Interest Rate Swap (IRS)** – a financial contract between two parties who wish to exchange two interest rate payments. The usual procedure is to swap interest rate payments with a fixed interest rate for interest rate payments with a floating interest rate (“fixed-for-floating”) though it is possible to have two floating interest rates (“floating-for-floating”). The interest rate payments are made in the same currency. In this case the principal is not exchanged and both contracting parties contract to pay each other or swap interest payments. Main variants:

- (i) **Forward-start interest rate swap** – a swap transaction that is agreed today but commences at a certain date in the future, e.g. a three year interest rate swap commencing in two years

commences two years from today and ends five years from today.

- (ii) **Zero coupon swap** – an interest rate swap in which the fixed rate payments are not made in regular instalments during the swap. Instead, the fixed rate amount is paid as a lump sum on the expiry date of the swap while the floating rate payments are paid periodically. Zero coupon swaps represent a high credit risk for the party that receives the fixed rate payment.
  - (iii) **Annual fixed rate payments** – a variation on a standard interest rate swap in which fixed-rate interest payments are paid annually.
  - (iv) **Compounding swap** – an interest rate swap in which the fixed rate amounts are not paid out at the fixing date but are instead capitalised. Payments are made through the term of the contract at predefined intervals.
  - (v) **Fixing up front** – the floating interest rate is fixed at the start of the interest period.
  - (vi) **Fixing in arrears** – The floating interest rate is not fixed at the start but at the end of the interest period.
  - (vii) **Amortising interest rate swap** – an interest rate swap in which the principle or the notional amount (and interest payments) are gradually reduced during the term of the swap.
  - (viii) **Constant Maturity Swap (CMS)** – a variation on a regular interest rate swap in which the floating interest rate is periodically reset according to a fixed maturity market rate for a product with a duration extending beyond that of the swap’s reset period.
  - (ix) **Step in Step out IRS** – A product that secures a Client against unfavourable movements in interest rates up to a barrier level (KO) while at the same time limiting the possibility to profit from favourable movements in exchange rates beyond a second barrier (KI). The Client is better protected against unfavourable movements in interest rates to the KO barrier than in the case of a traditional CAP or IRS.
- B) **Cross-Currency Interest Rate Swap (CCIRS)** – an interest rate swap in which the cash flows are in different currencies. At the start of the cross currency interest rate swap the two parties may carry out an initial exchange of the notional values in the two currencies. During the term of the swap, the parties shall pay interest in the currency in which they received the notional amount. When the swap matures, the parties shall carry out a final settlement of the original principal amounts using the same spot FX rate as at commencement. Main variants of a Currency swap:
- (i) **With initial and final exchange** – this variant involves a low level of currency risk.

- (ii) **Without initial exchange** – This variant represents a high level of currency risk (because it is a long-term forward contract).
- (iii) **Forward-start CCIRS** – a swap transaction that is agreed today but commences at a certain date in the future, e.g. a three year interest rate swap commencing in two years commences two years from today and ends five years from today.
- (iv) **Fixing up front** – the floating interest rate is fixed at the start of the interest period.
- (v) **Fixing in arrears** – the floating interest rate is not fixed at the start but at the end of the interest period.
- (vi) **Amortising CCIRS** – a cross-currency interest rate swap in which the principal or notional amount (and interest payments) are gradually reduced over the duration of the swap.
- (vii) **FX reset** – a CCIRS in which the floating leg amount is reset to the current exchange rate in each reset period. The credit risk is therefore lower than in a plain CCIRS.

**The following variants are available for interest rate swaps and foreign exchange swaps:**

**FX-linked swap** – a type of structured product that allows the Client to lower the effective interest rate of a loan by offsetting the premium from sale of an FX option against the instalments of the loan.

**Commodity-linked swap** – the same as the above except that the underlying asset is a commodity such as oil or gold.

**Index - linked swap** - similar to the previous product, where the index as an underlying asset affects the interest rate.

## VI. Basic information on Structured Deposit Transactions and an overview of their types

### Structured deposit (Structured Deposit Transaction)

A structured deposit is an alternative to a time deposit where the yield is produced from the combination of a Deposit and the price and change in value of another underlying asset (an exchange rate, index, commodity etc.). In this investment the principal is guaranteed and there is standardly also a minimum yield. Main variants:

- (i) **Yield enhancement deposit** – a Deposit offering a higher interest rate than a time deposit with acceptance of the risk that the yield and principal will be paid in another currency at the pre-agreed (strike) exchange rate from the sold option. The premium from the sold option is calculated as an interest bonus in the currency in which the deposit is made.
- (ii) **Range accrual deposit (RA)** – a deposit with a higher yield than a standard deposit provided that the price of the underlying asset remains within a predefined range (barriers) for an agreed period.

In this type of structured deposit the interest and principal can be paid only in one currency (conversion is not carried out).

- (iii) **Double no touch (DNT)** – a product in which the price of the underlying asset must remain within a set band (barriers) throughout the monitored period. If the barrier is breached, no additional yield is paid.
- (iv) **Wedding cake (WC)** – a product with multiple DNT barriers that define a number of possible yields from higher to lowest depending on the level of the barrier. This means that if one barrier is breached the Client can still earn a higher yield than from a classical deposit.

## VII. Basic information on structured promissory notes and their basic types

**Structured promissory notes** are an alternative to deposit notes, where the resulting yield is a combination of the promissory note and the price or change in the value of another underlying asset (an exchange rate, index, commodity etc.). Main variants:

- (i) **Range accrual promissory note (RA)** – a promissory note with a higher yield than a standard promissory note provided that the price of the underlying asset remains within a predefined range (barriers) for an agreed period. In this type of structured promissory note the Amount Payable can be paid only in one currency (conversion is not carried out).
- (ii) **Double no touch (DNT) promissory note** – a product in which the price of the underlying asset must remain within a set band (barriers) throughout the monitored period. If the barrier is breached, no additional yield is paid or a lower Amount Payable is paid.
- (iii) **Wedding cake (WC) promissory note** – a product with multiple DNT barriers that determine a number of possible yields or Amounts Payable from higher to lower depending on the level of the barriers. This means that if one barrier is breached the Client can still earn a higher yield than from a classical deposit promissory note.

## VIII. Basic information on securities, their classification and basic types

**Public bonds** are bonds (debt securities) for which a prospectus is published. They are issued for a large number of investors. They are accessible to small investors and are usually issued with a lower face value.

**Non-public bonds – without a prospectus** are bonds that are not issued through a public offering. They are issued to a small group of investors (max 149) or only professional investors. They are usually issued with a

higher face value or a minimum investment requirements (EUR 100.000).

**Government bonds** are bonds issued and guaranteed by a government.

**Zero-coupon bonds** are bonds where no interest is paid during the life of the bond. The bond is issued and traded at a discount and the issuer pays out the full face value on maturity.

**Secured bonds** are bonds where the repayment of the principal (in some cases also the coupon) is guaranteed by a third party.

**Step-up/Step-down** bonds pay an interest rate that moves upwards/downwards during the life of the bond.

**Bond with variable coupon frequency** are bonds whose coupons are paid at irregular intervals.

**Perpetual bonds** are bonds with no defined maturity date. Coupons are paid for an unlimited period and the principle is not redeemed. In most cases perpetual bonds include an optional clause allowing the issuer to redeem the bond.

**Priority/subordinated bonds** are types of bonds determining the order in which creditors receive satisfaction in the event of liquidation/bankruptcy. Holders of priority bonds are paid before the holders of subordinated debt. Due to the higher level of risk, subordinated bonds usually have a lower rating than priority bonds.

**Amortised bonds** are bonds whose face value (and coupons) are gradually reduced during the lifetime of the bond.

**Floating rate bonds** are bonds with a variable interest rate defined as a market reference rate plus a spread (e.g. "EURIBOR + 0.5%"). This type exists in the following variants:

- (i) **Range floater/Range note** – a bond whose coupon depends on the number days during which the reference rate moves within a predefined range.
- (ii) **Reverse floater** – a bond whose coupon has an inverse relationship to the movement of market reference rates – if the reference rate falls/rises, the coupon rises/falls. It is also known as an "inverse floater"

**Bonds with optional early redemption** are bonds that can be redeemed before maturity and may take the form of

- (i) bonds with a call option, which give the issuer the right (but not the obligation) to pay the principal at a predefined date before the set maturity date. These are "Callable" bonds.

- (ii) bonds with a put option, which give the bond holder the right (but not the obligation) to require the issuer to pay out the principal at a predefined date before the set maturity date. These are "Puttable" bonds.

**Convertible bonds** are bonds that can be exchanged for shares in the issuer at the bond holder's request (subject to conditions agreed in advance). The conversion ratio is set in advance and is not affected by the price of the underlying shares.

**Reverse convertible bonds** are bonds that can be exchanged for shares in the issuer at the issuer's request or redeemed for cash subject to conditions agreed in advance. The issuer will choose the second option if the market price of shares is lower than the conversion ratio at maturity. The issuer compensates the risk of capital loss by a higher coupon rate.

The possible conversion of the bond to shares means there is a greater risk of a loss resulting from a fall in the market value of the shares below the value of the bond.

**Index-linked bonds** are a form of structured debt security whose yield is determined by the movement of a predefined financial indicator; their main types are:

- (i) **Inflation-linked bonds** – the yield of the bond depends on the rate of inflation.
- (ii) **Index-linked bonds** – the yield of the bond is linked to the value of a predefined index.
- (iii) **Share-linked bond** – the yield of the bond is linked to the value of one or more shares or a share index.
- (iv) **Bonds with conditional payment of principal** – bonds where the amount paid out is based on the value of another underlying asset and may be lower than the face value.

**Bonds with delivery of another underlying asset** are bonds where another underlying asset may be provided instead of payment of the principal.

**Snowball** is a bond type whose coupons are calculated from previous coupons increased ("bullish") or reduced ("bearish") by a variable spread of indexes.

**Target Redemption Note (TARN)** is a bond type whose coupons are based on a variable index. The bond can be redeemed before the set maturity if the accumulated amount of coupon payments reaches a limit, "target cap", agreed in advance.

**Floating rate commercial paper** means short-term debt instruments issued by large corporations to finance their needs. Interest paid to the holder is set as a floating interest rate (e.g. "EURIBOR + 0.5%").



**Investment certificate** is a security whose value is tied to the value of indices, interest rates, shares, debt securities, exchange rates, commodities, inflation, or other underlying assets or a combination thereof. An investment certificate is connected with the right to settlement by means of acquiring financial instruments or gold that are the underlying asset of the investment certificate, in cash, or through a combination of these methods.

**Guaranteed investment certificate** is a certificate in the case of which the issuer guarantees payment of the whole or part of the invested amount (e.g. 80%, 90% or 100%). With regard to the lower degree of risk, such a certificate usually offers a lower rate of appreciation.

**Non-guaranteed investment certificate** is a certificate in the case of which the issuer does not guarantee payment of the whole or part of the invested amount. The investor thus, depending on the development of the price of the underlying asset, may lose the whole invested amount. With regard to the higher degree of risk, this certificate usually offers a higher rate of appreciation.

**Shares** are a type of security representing a share in ownership of a joint stock company. Share owners have a right to participate in the management of the company and a share of its profits and the liquidation balance. Through the company's general meeting, share owners can decide on the payment of a dividend based on the company's profits.

**ETF** means an exchange-traded fund. This is class of collective investment fund. ETFs can own various sorts of underlying assets. It is possible to select an ETF investment based on various indexes, economic segments or geographical areas.

**REPO** transactions are transactions where one party ("the Seller") agrees to sell securities and financial instruments ("securities") to the other party ("the Buyer") for an agreed price.

The Buyer agrees to sell back to the Seller securities identical to the original securities on a certain date or

on request for the original price of the securities, plus interest for the use of cash (the "repo rate"). Main variants:

- (i) **Standard** – the standard variant
- (ii) **Tri-party agreement** – includes a third party (a clearing bank or custodian bank) that handles the administrative aspects of the repo transaction between the Seller and the Buyer.
- (iii) **Reverse standard** – This is a reverse repo agreement that includes a third party (a clearing bank or custodian bank) that handles the administrative aspects of the repo transaction between the Seller and the Buyer.
- (iv) **Reverse tri-party repo** – a repo agreement that includes a third party (a clearing bank or custodian bank) that acts as a custodian between creditor and debtor.

**Sell/buy backs and buy/sell backs** – Transactions similar to a Repo transaction in that they involve an agreement between two parties on the sale of securities and their subsequent repurchase at an agreed date in the future. Main differences from a repo transaction: (1) Sell/buy backs and buy/sell backs are made up of two transactions that take place in parallel and (2) the sellers retain the income (coupon) from the securities but take it into account when calculating the repurchase price.

**CDO (Collateralised Debt Obligation)** – a Transaction characterised by a credit structure where an investor takes on the credit risk of a certain portfolio that may be composed of corporate currencies, securities, collateral assets (ABS – asset backed securities) or other CDOs. An investor can choose from a range of tranches with lower or higher ratings and a corresponding yield.

## IX. Other transactions

**Futures** are agreements between two parties to buy/sell a certain quantity of an underlying asset for a pre-agreed price at a set date in the future. These are standardised contracts traded on exchanges. (for shares, commodities etc.).

## Annex 2 – Hedging products according to their complexity

Product category	Level of complexity	Product
FX Transactions	Complexity 1	Foreign Exchange Swap Foreign Exchange Forward Non Delivery Forward
	Complexity 2	Foreign Exchange Option (plain vanilla) Average Rate Option (ARO)
	Complexity 3	Barrier Option Digital (binary) Option Trigger Reset Forward (structured) Transatlantic Forward ( structured ) Other Structured Options (combination of options, forwards)
Interest Rate Transactions	Complexity 2	Repo FRA IRS Cross-Currency interest rate swap Interest Rate Option - cap/floor (plain vanilla) Interest Rate Option - swaption
	Complexity 3	Interest Rate Swap – complex variants Barrier Interest Rate Option
Other instruments	Complexity 1	
	Complexity 2	Commodity Swap Commodity Forward Commodity Option (plain vanilla)
	Complexity 3	Barrier Option (commodity linked)