



Conditions for Provision and Use of KB eTrading

1. Introductory Provisions

- 1.1 These Conditions for the Provision and Use of KB eTrading (hereinafter the "**Conditions**") represent Product Terms and Conditions within the meaning of the General Business Terms and Conditions of the Bank (hereinafter the "**General Conditions**"). The Conditions and General Conditions form part of the Contract and the Client shall be obliged to read them and adhere to them.
- 1.2 Terms in these Conditions that begin with capital letters shall have the meanings defined in Article 12.
- 1.3 The Client shall pay to the Bank fees for the use of KB eTrading services as per the Tariff of Fees of KB. The Bank shall be entitled to charge fees for the use of the KB eTrading services, including the fees for the use of the KB eTrading service by Users, to the debit of the CZK Account without a further consent of the Client. In case that the Client has Accounts kept in other currencies than CZK, the Bank shall be authorised to charge the fees for the use of KB eTrading services to the debit of any Account. Relevant provisions of the General Conditions governing selling and buying foreign currencies shall apply to the conversion of the said currencies.
- 1.4 The Bank shall provide the KB eTrading service within the scope of MojeBanka Internet banking or Profibanka homebanking direct banking services. A condition for using the KB eTrading service shall be that the Client has concluded a Contract for Provision of Direct Banking based on which he/she uses MojeBanka Internet banking or Profibanka homebanking services. When using the KB eTrading service, provisions of the Contract for Provision of Direct Banking which concern Multiple/Multi-level Authorisation, Authorisation Role, amount of limits of individual Users stipulated in an Administration Order and the Entity's Limit as defined in the Terms and Conditions of Provision and Use of Direct Banking shall not apply. Each User of the KB eTrading service shall always have the Standard User Authorisation Role preset, without setting the Multiple/Multi-level authorisation. Differing provisions of the Contract shall prevail over the provisions of the Contract for Provision of Direct Banking.
- 1.5 The Client shall use the KB eTrading service through Users or personally if he/she is himself/herself a User. Users must always be at the same time the users of the direct banking service within the meaning of the Contract for Provision of Direct Banking. The Client shall be obliged to ensure that all Users have read the Contract and adhere to its provisions.
- 1.6 The Client shall only be entitled to change/replace the User and the Account unilaterally at the Bank's point of sale where he/she has concluded the Contract.

2. Joint Provisions

- 2.1 Transactions between the Bank and the Client shall be concluded (entered into) by means of the KB eTrading service.
- 2.2 Transactions may be concluded (entered into) on Working Days from 8:30 to 17:00.



- 2.3 A Transaction shall be concluded at the moment the Client expresses his/her consent with all terms of the Transaction proposed by the Bank. Transactions may also be concluded by executing the Client's instruction to conclude a Transaction, while this manner of conclusion shall be meant the cases whereby the Client enters his/her request to execute the Transaction under a condition that a certain foreign exchange Rate (FX instruction) occurs; the Transaction shall be concluded (entered into) automatically after the Client's request is satisfied. The Client shall be entitled to cancel his/her order free of charge until the moment of entering into the Transaction by executing the order.
- 2.4 Each concluded Transaction or change of its terms, including an agreed early termination, shall be confirmed by means of a Confirmation, which shall include the terms of the Transaction (or change thereof) on which the Client and the Bank have agreed. The confirmation shall be generated automatically and shall be available to the Client in the KB eTrading environment without any unnecessary delay after the Transaction is concluded. In case that the Confirmation does not correspond to the terms of the agreed-upon Transaction, the Client shall be obliged to contact the Bank over the telephone at the number specified in Annexe 1 to the Contract without any unnecessary delay.
- 2.5 For detailed technical rules and scope of the functions which may be used when concluding a Transaction see the Manual.
- 2.6 The Bank shall be entitled to refuse to conclude a Transaction especially if, by concluding such Transaction, statutory obligations of the Bank or rules of prudent business practice, namely the capital adequacy requirements, might be breached or if the Bank would exceed its internal assessment indicators of the maximum acceptable risk with respect of the Client. In case that capital adequacy requirements or internal indicators of assessment of the maximum permissible risk in respect of the Client do not make it possible for the Bank to conclude other Transactions with the Client than those which do not affect these requirements, the Bank shall conclude with the Client only such Transactions that do not affect such requirements. The Bank shall inform the Client, upon his/her request, which Transactions are eligible and what are their terms and conditions. This arrangement shall accordingly apply also to the maximum amount of Transactions. The minimum period of duration of Transactions shall last until all liabilities in respect of the Transactions are settled.
- 2.7 Transactions with the same Maturity Date or Value Date shall be settled in the time sequence independent of the order in which they shall have been arranged, in accordance with the conditions given by the Bank's automated accounting systems. The settlement of Transactions takes place in such a manner that those Transactions are settled which are covered with sufficient funds on the part of the Client at the moment at which the given systems of the Bank are settling the specific Transaction.
- 2.8 The Bank shall not be held liable for cases in which using of the KB eTrading service is not possible for reasons outside the Bank's control or its partners' control (interrupted supply of power, interrupted connection with the Bank through the public Internet network, strike, natural disaster, etc.).

3. Special Conditions for SPOT

- 3.1 Both parties to the Contract hereby undertake to make any payment or another supply (delivery) referred to in the Confirmation relating to the Transaction or



otherwise agreed upon by the parties as part of business terms and conditions of such Transaction; such liabilities of the parties shall be subject to other provisions of the Contract, including these Conditions.

- 3.2 Unless the Client, while arranging a Transaction, specifies an account to which the Bank is to credit its liabilities under the Transaction, the Client shall be obliged to submit relevant payment orders duly and timely so that all Bank's liabilities under the Transaction can be settled by 17:00 of the relevant Value Date at the latest.
- 3.3 If the Client fails to meet the above deadline, the Bank shall transfer the funds to any Account denominated in the currency of the funds. If the Client does not have such Account, the Bank shall credit such funds to an Account from which the funds for the Transaction have been taken, while relevant provisions of the General Conditions governing selling and buying of foreign currencies shall apply to such conversion.
- 3.4 The Client and the Bank may agree upon an early termination of a Transaction.
 - a) The Client shall propose an early termination of the Transaction to the Bank at the Bank's point of sale at which he/she has executed the Contract. The Client shall enter into an agreement on the cancellation of the Transaction with the Bank using a proper form issued by the Bank; the agreement shall be executed at the moment the form is signed by both the Client and the Bank. In case that the Client has entered into a contract with the Bank based on which he/she has agreed with the recording of his/her communication with the Bank over telephone lines and, at the same time, it is possible to identify the Client while he/she uses these telephone lines, he/she shall also be entitled to terminate the Transaction over these telephone lines.
 - b) The Bank shall calculate the settlement amount of an early terminated Transaction and communicate it to the Client before the agreement as per this Article 3.4 is made or sooner, unless the parties agree otherwise, and, further, shall determine the party that shall be obliged to pay the settlement amount to the other party. The Client hereby undertakes to provide the Bank with any and all necessary assistance and data so that the Bank can calculate the settlement amount.
 - c) The Bank shall calculate the settlement amount with regard to the business practice, in the way reflecting terms and conditions of the Transaction set forth upon the conclusion of (entering into) the Transaction. First and foremost, the settlement amount shall include the market pricing of the early-terminated Transaction calculated by the Bank as at the early termination date of the Transaction and a fee paid to the Bank for entering into an agreement on the early termination of the Transaction.
- 3.5 By entering into the Transaction, the Client agrees to the collection of an amount equal to Client's liabilities under such Transaction from the Account as at the Value Date. If liquid funds available in the Account as at the Value Date are insufficient to cover the Client's liabilities under the Transaction, this shall be considered an Event of Default as per Article 8(8.1). If the Client ensures that, by 13:30 of the Working Day following the Value Date, funds available in the Account are sufficient to cover liabilities under the concluded but yet unsettled Transaction, the Bank shall be entitled to decide that the Event of Default referred to in this Article has been rectified.
- 3.6 The Bank shall be entitled to terminate the concluded but yet unsettled Transactions if there are not sufficient funds available in the relevant Client's



Account as at the Value Date to settle of the Transaction. In case of a termination of the Transaction, a procedure similar to that described in Article 3(3.4) shall accordingly be applied. The Bank's right to proceed in accordance with Article 9 remains unaffected.

- 3.7 The Bank shall also be entitled to terminate any concluded but yet unsettled Transactions early, as at the Transaction Date, if the difference between the Transaction Rate and market rate of relevant currencies valid as at the Transaction Date clearly suggests that the Transaction Rate is not a genuine proposal of the Bank for entering into such Transaction but has resulted from an error made by an individual who had entered such Rate into the Bank's system, or from a defect of the system. Neither the Client nor the Bank shall be entitled to receive either a settlement amount or any other settlement ensuing from the Transaction cancelled in accordance with the first sentence of this Article.
- 3.8 None of the parties to this Contract shall be obliged to pay its liabilities arising from a relevant Transaction as per the above Article 3(3.1): (i) for the duration of an Event of Default on part of the other party, or if an Event of Default is imminent; (ii) if an Early Termination Date relating to the relevant Transaction has occurred or has been effectually established, or (iii) unless another suspensive condition agreed upon in the Contract by the parties is met.

4. Special Conditions for TVIS

- 4.1 Based on a concluded Transaction, the Bank undertakes to open and maintain TVIS deposits for the Client. The TVIS deposits are not intended to be used for payments under the general system of payments and the Client shall not be entitled to handle the TVIS deposits in whatsoever manner except for cases expressly specified in these Conditions.
- 4.2 Pursuant to the Contract, the maturity a TVIS may range from the nearest Working Day after the Initial Value Date (shortest maturity) to 12 months (longest maturity).
- 4.3 As for TVIS deposits, a minimum amount of a separate deposit shall be CZK 5 million or an equivalent in another tradable foreign currency. The Bank shall be entitled to alter the minimum amount of a TVIS deposit unilaterally. The new minimum amount shall not apply to TVIS deposits established before the date at which the new minimum amount comes into effect.
- 4.4 By entering into the Transaction, the Client agrees to the collection of an amount equal to the TVIS principal from the Account as at the Initial Value Date. If liquid funds available in the Account are insufficient to cover the principal, the Transaction shall expire. In case of an expiry of the Transaction, the Client shall pay a fee calculated in the same manner as in the case of an early cancellation of TVIS by the Client, while the Bank shall be entitled to collect the owed amount also from the other Accounts or even from other accounts of the Client kept with the Bank.
- 4.5 The Bank undertakes to pay interest on separate TVIS deposits using an interest rate individually agreed with the Client in the relevant Transaction. Interest shall be calculated using a method of the actual number of days of duration of a TVIS (from the Initial Value Date until the day preceding the Maturity Date) divided by 360 or, as the case may be, by 365 (366) for TVIS in GBP and/or JPY. The interest yield shall be subject to taxation in compliance with legal regulations.



- 4.6 Early Cancellation. The Client shall be entitled to ask for an early cancellation of TVIS deposit at any time until the agreed Maturity Date. In case of an early cancellation, the Bank shall credit back to the specified Account the TVIS principal and related interest accrued as at the date preceding the early cancellation of the TVIS. Unless the contracting parties agree otherwise, the Client shall pay to the Bank a fee for the early cancellation of TVIS, which shall be calculated according to the following formula: the rate (actual PRIBOR rate or another inter-bank rate for the given currency selected depending on the length of the period from the Initial Value Date to the Maturity Date – the interest rate for TVIS) x TVIS principal (the amount of principal excluded interest) x number of days remaining until the Maturity Date / 360 (or 365 in case of GBP/JPY) + CZK 1,000. If the difference between the relevant PRIBOR interest rate or another inter-bank rate for the given currency valid as at the early cancellation date and an interest rate agreed for TVIS is equal to zero or negative, the early cancellation fee shall be CZK 1,000. The Bank shall be entitled to collect the fee from the Account.
- 4.7 The Client shall propose an early cancellation of the Transaction to the Bank at the Bank's point of sale at which he/she has executed the Contract. The Client shall enter into an agreement on the cancellation of the Transaction with the Bank using a proper form issued by the Bank; the agreement shall be executed at the moment the form is signed by both the Client and the Bank. In case that the Client has entered into a contract with the Bank based on which he/she has agreed with the recording of his/her communication with the Bank over telephone lines and, at the same time, it is possible to identify the Client while he/she uses these telephone lines, he/she shall also be entitled to terminate the Transaction over these telephone lines.
- 4.8 The Bank shall also be entitled to terminate any concluded but yet unsettled Transactions early, as at the Transaction Date, if the difference between the TVIS interest rate and market interest rates of relevant currencies valid as at the Transaction Date clearly suggests that the TVIS interest rate is not a genuine proposal of the Bank for entering into such Transaction but has resulted from an error made by an individual who had entered such interest rate into the Bank's system, or from a defect of the system. Neither the Client nor the Bank shall be entitled to receive either a settlement amount or any other settlement ensuing from the Transaction cancelled in accordance with the first sentence of this Article.

5. Special Conditions for DST

- 5.1 Based on a concluded Transaction, the Client shall deposit a Promissory Note Deposit and the Bank shall issue a DST in the amount of the Promissory Note Deposit.
- 5.2 The maturity of an agreed-upon Transaction may range from the nearest Working Day after the Initial Value Date (shortest maturity) to 12 months (longest maturity).
- 5.3 As for separate Transactions, a minimum amount of a Promissory Note Deposit shall be CZK 5 million or an equivalent in another tradable foreign currency. The Bank shall be entitled to alter the minimum amount of a Promissory Note Deposit unilaterally. The new minimum amount shall not apply to Transactions entered into before the date at which the new minimum amount comes into effect.



- 5.4 By entering into the Transaction, the Client agrees to the collection of an amount equal to the Promissory Note Deposit from the Account. If liquid funds available in the Account are insufficient to cover the Promissory Note Deposit, the Transaction shall expire. In case of an expiry of the Transaction, the Client shall pay a fee calculated in the same manner as in the case of an early cancellation of DST by the Client, while the Bank shall be entitled to collect the owed amount also from the other Accounts or even from other accounts of the Client kept with the Bank.
- 5.5 The Bank undertakes to pay interest on separate Promissory Note Deposits using an interest rate individually agreed with the Client. Such interest shall be calculated on the basis of a 360-days year (365 days for GBP deposits) and actual days of duration of a DST (including the first day but excluding the last day, i.e. the Maturity Date) and shall be paid out to the Account as at the Maturity Date of an individual DST together with the Promissory Note Deposit.
- 5.6 The Bank shall provide safekeeping of the issued DST as from the date of its issue. The Bank undertakes to protect the DST from loss, damage, destruction and/or devaluation. At the Client's request, the Bank shall be obliged to send to the Client a confirmation of safekeeping of the DST promissory note by fax.
- 5.7 The Client shall be obliged to keep the DST promissory note in safekeeping with the Bank throughout the duration of the Transaction. If the Client asks the Bank to give the DST promissory note back to the Client at any time throughout the duration of the Transaction, he/she shall pay to the Bank a irregular fee equal to 10% of the Promissory Note Deposit.
- 5.8 By entering into the Transaction, the Client authorises the Bank to present the DST promissory note that is the subject matter of the Transaction and to credit the Promissory Note Deposit and related interest to the Account as at the Maturity Date. The Bank shall be entitled to cancel the DST promissory note after the Maturity Date.
- 5.9 The Client undertakes not to transfer or assign the DST in a form of an assignment of a receivable. Any assignment or transfer of rights of the Client related to the DST shall be null and void. In case of a breach of Client's obligations as per this Article, the Client shall be obliged to pay to the Bank a contractual penalty equal to 10% of the Promissory Note Deposit. The fact that the contractual penalty has been paid shall not prejudice the Bank's right to claim full compensation for damage caused by the breach of the obligation to which the contractual penalty relates.
- 5.10 Early Cancellation. The Client shall be entitled to ask for an early cancellation of the Transaction at any time until the Initial Value Date. Unless the contracting parties agree otherwise, the Client shall pay to the Bank a fee for the early cancellation of DST, which shall be calculated according to the following formula: the rate (actual PRIBOR rate or another inter-bank rate for the given currency selected depending on the length of the period from the Initial Value Date to the Maturity Date – the interest rate for the Promissory Note Deposit) x Promissory Note Deposit x number of days remaining until the Maturity Date / 360 (or 365 in case of GBP/JPY) + CZK 1,000. If the difference between the relevant PRIBOR interest rate or another inter-bank rate for the given currency valid as at the early cancellation date an interest rate agreed for DST is equal to zero or negative, the early cancellation fee shall be CZK 1,000. The Bank shall be entitled to collect the fee from the Account.
- 5.11 The Client shall propose an early cancellation of the Transaction to the Bank at the Bank's point of sale at which he/she has executed the Contract. The Client



shall enter into an agreement on the cancellation of the Transaction with the Bank using a proper form issued by the Bank; the agreement shall be executed at the moment the form is signed by both the Client and the Bank. In case that the Client has entered into a contract with the Bank based on which he/she has agreed with the recording of his/her communication with the Bank over telephone lines and, at the same time, it is possible to identify the Client while he/she uses these telephone lines, he/she shall also be entitled to terminate the Transaction over these telephone lines.

- 5.12 The Bank shall also be entitled to terminate any concluded but yet unsettled Transactions early, as at the Transaction Date, if the difference between the Promissory Note Deposit interest rate and market interest rates of relevant currencies valid as at the Transaction Date clearly suggests that the Promissory Note Deposit interest rate is not a genuine proposal of the Bank for entering into such Transaction but has resulted from an error made by an individual who had entered such interest rate into the Bank's system, or from a defect of the system. Neither the Client nor the Bank shall be entitled to receive either a settlement amount or any other settlement ensuing from the Transaction cancelled in accordance with the first sentence of this Article.

6. Representations of the Contracting Parties

- 6.1 By signing the Contract, the Client hereby makes the following statements that shall apply to the Client depending on whether he/she is a legal or a natural person; these statements shall remain in force throughout the whole period of duration of the Contract and after the expiry of the Contract until the full settlement of all Transactions concluded under the Contract:
- a) The Client – legal person is a duly formed and validly existent legal person existing in accordance with the laws of the place of its incorporation. The status of the Client's record in the Commercial Register or any other statutory register in which the Client has been registered in accordance with the legal provisions governing the Client's formation and existence corresponds to the facts;
 - b) Entering into the Contract as well as exercising rights and duties under the Contract, including entering into Transactions, have been duly approved by the relevant bodies within the Client's internal structure; neither the consent nor permission of other parties or public administration are required or, where such requirement exists, the consent has been granted and is valid and effective;
 - c) By exercising his/her/its rights and obligations arising from the Contract and from concluded Transactions, the Client shall not breach his/her/its obligations arising from law, contracts already signed by the Client, or any other acts made by the Client, nor shall he/she/it infringe any proprietary, contractual or other rights and titles of the Client or of third parties;
 - d) To the best of the Client's knowledge, no judicial, administrative or arbitral proceedings concerning the Client or Client's assets take place, nor is any criminal prosecution of the Client or persons who are members of its statutory body being conducted which could affect the Client's ability to meet his/her/its obligations arising from the Contract or from concluded Transactions or the Client's financial and/or business situation, nor, to the best of the Client's knowledge, are such prosecution or proceedings imminent;



- e) To the best of the Client's knowledge, no proceedings seeking a judgement of insolvency, bankruptcy, general assignment, transformation or composition have been instituted, nor have any other proceedings with similar legal effects been instituted (e.g., debt clearance proceedings), nor has any execution of a ruling (distrain) been ordered or public auction initiated with respect of the Client's assets/property or a substantial portion thereof. During the past three years, the Client's assets/property have not been declared or adjudicated bankrupt, no petition for adjudication of bankruptcy has been dismissed on the grounds of the Client's insufficient assets/property, nor has an already declared bankruptcy of the Client's assets/property been cancelled, composition confirmed, or another ruling delivered that can have similar legal consequences;
- f) No facts or circumstances exist or are threatened that would constitute any of the Events of Default;
- g) No dealings or proceedings concerning the closing-down of the Client (if the Client is a legal person) or any other proceedings that could adversely impact the Client's ability to meet the liabilities under the Contract take place, nor are they imminent to the best of the Client's knowledge.

6.2 The Client further declares that:

- a) He/she is able to assess all the Transactions and to understand them and he/she understands the terms, conditions, financial liabilities and potential risks arising from the Transactions, in particular the market risk and the other party's risk; that he/she accepts these terms, conditions, financial liabilities and potential risks; and that, in case he/she is himself/herself incapable of assessing or understanding them, he/she has found an advisor, sufficiently professionally skilled and experienced. At the same time, the Client is aware of the fact that past gains do not guarantee any future gains;
- b) He/she acts on his/her own account, shall make his/her own independent decision on entering into a Transaction and shall decide upon his/her own discretion and based on his/her advisors' advice whether or not such Transaction is suitable or correct for him/her. The Client shall not consider the Bank his/her mandatory, consignee, commission agent, agent or advisor in respect of the Transaction, and shall not rely on any other communications (whether written or oral) of the Bank as on an investment advice or recommendation to enter into a Transaction. No communications (whether written or oral) received from the Bank shall be considered an assurance or guarantee in respect of expected results of a Transaction;
- c) He/she is entering into the Contract and all Transactions for purposes related to his/her/its business or investment plans and by no means considers them a game or bet/lottery (within the meaning of provisions of Section 845, Act No. 40/1964 Coll., the Civil Code, as amended) nor shall he/she/it consider any Transaction a game or bet/lottery;
- d) He/she is aware of the fact that Transactions, the subject matter of which DSTs are, may have tax consequences, especially with respect to Act No. 235/2004 Coll. on Value Added Tax, as amended;
- e) He/she is aware of the fact that possible comments or complaints concerning the Bank's actions shall be taken care of in compliance with the General Conditions according to the Bank's complaints procedure. The Client was also advised that he/she/it should be entitled to address his/her/its complaints at any time to the responsible supervisory authority,



i.e., to the Czech National Bank, registered office at Praha 1, Na Příkopě 28, Postal Code: 155 03.

- 6.3 The declaration as per the previous Articles shall be deemed repeated and reiterated whenever the Client asks the Bank to enter into a Transaction.

7. Satisfying Receivables

- 7.1 The Bank shall be entitled to satisfy the Bank's due receivables in respect of the Client that originated under the Contract or in connection therewith, including receivables arising from Transactions, using the funds in the Client's accounts kept with the Bank. For the satisfying of the receivables as per the foregoing sentence, the Bank shall be entitled to use also the funds in the deposit accounts or Client's deposits kept with the Bank, even prior to the agreed due dates of such deposit accounts or deposits. In such case, the Bank shall be entitled to charge to the Client a fee for early drawing and other charges in accordance with the relevant contract for opening and maintaining a deposit account or deposit. The Bank shall be entitled to satisfy its due receivables also from the debit balance up to the amount of the overdraft limit arranged for the debit balances in the Client's current accounts kept with the Bank.

8. Event of Default and Early Termination Event

- 8.1 Any of the events listed below shall be deemed an Event of Default:
- a) The Client makes default in payment of any pecuniary liability arising under the Contract;
 - b) Any of Client's statements (representations) under the Contract is or shall become incorrect, inaccurate, incomplete or misleading, while this fact in the Bank's opinion affects or may affect the Client's ability to meet his/her liabilities under the Contract or concluded Transactions;
 - c) The Client breaches his/her contractual or other legal obligation in respect of any third party, or an obligation ensuing from another contract concluded between the Client and the Bank, while such breach in the Bank's opinion affects or may affect the Client's ability to duly meet his/her liabilities to the Bank under the Contract or concluded Transactions;
 - d) The Client's controlling entity or entities is/are preparing, without prior written consent of the Bank: winding-up of the Client with a subsequent liquidation; transformation of the Client in accordance with one of the methods laid down in Act No. 125/2008, Coll., on Transformations of Commercial Companies and Cooperatives, as amended; similar transformation pursuant to other legal provisions; transaction as per Section 67(a) of the Commercial Code or transaction with similar effects; or change in the controlling entity, partner or shareholder of the Client; or a decision has been taken to wind up and liquidate the Client;
 - e) Any proceeding concerning insolvency, bankruptcy, general assignment, transformation, composition or another proceeding with similar legal effects (e.g., debt clearance proceedings) is initiated before the court, or the execution of a ruling (distrain) is ordered or public auction initiated with respect of the Client's assets/property or a substantial portion thereof;
 - f) The Client is insolvent or insolvency is imminent or the Client declares himself/herself, in writing, incapable to duly meet his/her liabilities, or a



ruling on the sequestration is issued or another judicial, arbitrational or administrative decision with similar effects is issued, regardless of the legal force or enforceability of such ruling/decision;

- g) There is an unfavourable development in terms of economic and financial situation of the Client's business, which in the Bank's opinion may affect due repayment of the Client's liabilities under the Contract or under concluded Transactions;
- h) The Client loses his/her authorisation to conduct business activities that, at the time of execution of the Contract, have generated a substantial part of his/her profit, or ceases to pursue the bulk of such business activities;
- i) The Client – natural person – dies or is pronounced dead;
- j) The Client – natural person – is divested of legal capacity or his/her legal capacity is limited;
- k) Any other event classified as an Event of Default in the Contract.

8.2 Any of the events listed below shall be deemed an Early Termination Event:

- a) Due to an adoption or change/amendment of any applicable law or due to coming into effect of any decision of a public authority, court or tribunal that might affect interpretation of a certain law that occurs after the date on which a Transaction has been entered into (hereinafter the "**Adverse Regulatory Change**") it shall become unlawful for a contracting party to meet any liability relating to such Transaction. Any regulatory change shall be considered an Adverse Regulatory Change if, in the estimation of a party acting in good faith, such change may result in: (A) an obligation to record or substantially adjust, in an adverse sense, any provisions or compulsory minimum reserves, or an obligation to make an extra deposit with a regulatory authority, or a similar obligation; (B) a substantial change to a volume of capital adequacy; or (C) a substantial loss incurred as a result of a changed classification of any payment or other supplies/proceeds related to a relevant Transaction. In case that an event or circumstance that might otherwise be considered an Event of Default is an Adverse Regulatory Change at the same time, it shall be deemed an Adverse Regulatory Change rather than an Event of Default;
- b) Due to a change/amendment of any applicable law or due to coming into effect of any decision of a public authority, court or tribunal that might affect interpretation of a certain law (notably those related to Act No. 586/1992 Coll., the Income Tax Act, as amended), a contracting party shall be obliged to deduct a tax or fee from any payment relating to such Transaction, except for default interest (interest on late payment); or
- c) Any other event or circumstance classified as an Early Termination Event by the parties upon entering into a Transaction.

8.3 The Client shall be obliged to remit to the Bank any and all reasonable costs, including administrative, legal and attorney costs, incurred by the Bank in relation to claiming and protecting of any Bank's rights and titles under the Contract, or in relation to an early termination of any Transaction.

8.4 The parties shall be obliged to inform each other, without any unnecessary delay, about the occurrence of any Event of Default and/or Early Termination Event.



9. Close-Out Netting

- 9.1 If an Event of Default occurs, the Bank shall be entitled to deliver a written notification to the Client indicating the specific Event of Default, terminating all concluded and yet unsettled SPOT Transactions and setting the date on which they shall be prematurely terminated (hereinafter the **"Early Termination Date"**), or terminate all concluded and yet unsettled SPOT Transactions in case of which the Event of Default has occurred and set the Early Termination Date of such SPOT Transactions (hereinafter the **"Terminated Transactions"**). The Early Termination Date must not be earlier than the date of delivery of the relevant notification to the Client. Any and all receivables of the parties arising from the Terminated Transactions, both due and undue, including related service payments, conditional receivables and receivables that shall be going to arise or might arise, shall cease to exist as at the Early Termination Date (with ex nunc effect) and shall be replaced, under the terms conditions stipulated in these Conditions, with a relevant party's receivable in respect of payment of the Settlement Amount.
- 9.2 If an Early Termination Event occurs, each party shall be entitled to deliver to the other party a written notification terminating all concluded and yet unsettled SPOT Transactions to which the Early Termination Event relates and set the Early Termination Date of such SPOT Transactions (also **"Terminated Transactions"**). The Early Termination Date must not be earlier than the date of delivery of the relevant notification to the other party. Any and all receivables of the parties arising from the Terminated Transactions, both due and undue, including related service payments, conditional receivables and receivables that shall be going to arise or might arise, shall cease to exist as at the Early Termination Date (with ex nunc effect) and shall be replaced, under the terms conditions stipulated in these Conditions, with a relevant party's receivable in respect of payment of the Settlement Amount.
- 9.3 After the notification of the early termination of SPOT Transactions as per Article 9(9.1) or (9.2) has been delivered, the Calculation Agent shall calculate the Settlement Amount as at the Early Termination Date. The Client and the Bank have agreed that the manner in which the Settlement Amount is to be established shall be deemed a close-out netting deal within the meaning of Section 197 of the Capital Market Trading Act. The parties have agreed that the procedure of calculation of the Settlement Amount, Market Quotation and Loss complies with the business practice of the relevant financial markets. The Calculation Agent shall furnish, upon Client's request, documents, figures and data used for the calculation of the Settlement Amount.
- 9.4 The Settlement Amount shall become due and payable in CZK on the second (2nd) Working Day following the day on which the Calculation Agent shall have delivered the calculation thereof to the party obliged to pay the Settlement Amount; the Settlement Amount shall be credited to the account indicated by the Calculation Agent in the notification of the calculation. However, in case that the Bank is obliged to pay the Settlement Amount and, at the same time, is a Calculation Agent, the Settlement Amount shall become due and payable on the day the Calculation Agent shall complete the calculation of the Settlement Amount and shall be credited to the Account. If any of Accounts is a CZK account, the Bank shall credit the Settlement Amount to this Account. In case that no Account is denominated in CZK, the Bank shall determine the Account to which the Settlement Amount shall be credited. A market exchange rate shall be used for the conversion, determined as a rate at which a



corresponding amount of one currency can be bought or sold for a corresponding amount of the other currency in the Czech Republic's foreign exchange market, with spot clearance, as at the Early Termination Date.

- 9.5 The Calculation Agent shall calculate the Settlement Amount in CZK unless a written agreement between the parties stipulates otherwise. A market exchange rate shall be used for the conversion, determined as a rate at which a corresponding amount of one currency can be bought or sold for a corresponding amount of the other currency in the Czech Republic's foreign exchange market, with spot clearance, as at the Early Termination Date.
- 9.6 The Calculation Agent shall always be obliged to act in good faith and according to the appropriate business practice, and shall never act contrary to the practice that is common in the relevant financial markets.
- 9.7 As soon as the Early Termination Date occurs or is effectually established, the parties to the Contract shall be no more obliged to make any payment and/or pay other supplies (deliveries) as per Article 3(3.1) with respect to SPOT Transactions terminated pursuant to Articles 9(9.1) or (9.2). Other provisions of the Contract shall not be affected by the aforesaid. The amount due and payable in respect to the Early Termination Date shall be calculated in the manner referred to in Article 9(9.3).

10. Expiry of Contractual Relationship

- 10.1 Both the Client and the Bank shall be entitled to terminate the Contract in writing at any time. Effects of the notice of termination begin on 8:00 of the second Working Day following the day on which the notice has been delivered to the other contracting party.
- 10.2 The Contract shall expire at the moment of expiry of the Contract for Provision of Direct Banking.
- 10.3 The expiry/termination of the Contract shall have no impact on Transactions concluded but yet unsettled as at the Contract expiry date, which shall continue to be governed by the provisions of the Contract. The Bank's right to proceed as per Article 9 of these Conditions remains unaffected.

11. Technical Requirements

- 11.1 The Bank guarantees the functionality of the KB eTrading service only in case the technical and software equipment of a personal computer of each of the Users meets at least the following parameters:
- a) Hardware configuration:
 - 300 MHz Pentium ® processor or a similar processor
 - 128 MB RAM
 - 1.5 GB of available hard-disk memory
 - screen resolution 800 x 600
 - b) Internet connection speed: 128 kbps
 - c) Internet browser: MS Internet Explorer 6.0
- 11.2 At the same time, the Client and the User must have installed in their computers one of the following operating systems:



- Windows® XP Windows® 2000 or
- Windows® Server 2003 or
- Windows® Vista

and Java Virtual Machine (SUN 1.4.2 through 1.5.11) always in the active state.

12. Definition of Terms

12.1 In addition to the terms defined in the Contract, further terms in these Conditions that begin with a capital letter shall have the meanings defined below, unless specified otherwise in these Conditions.

“Current Address” shall be the Client’s latest postal address communicated to the Bank by the Client in the manner specified in the Contract.

“Current E-mail Address” shall be the latest e-mail (electronic) address communicated to the Bank by the Electronic Client in the manner specified in the Contract.

“Bank” shall be Komerční banka, a.s., registered office at Praha 1, Na Příkopě 33/969, post code 114 07, company ID: 45317054, entered into the Commercial Register kept by the Municipal Court of Prague, section B, insert 1360.

“Transaction Date” shall mean a Working Day on which the User and the Bank agree on terms and conditions of a specific Transaction and effectively enter into the Transaction.

“Maturity Date” shall mean, in case of the TVIS, a Working Day on which the Bank transfers the principal and entire interest to the Account. In case of the DST, the Maturity Date shall mean the due date on which the Bank transfers the Promissory Note Deposit and the interest related to it to the Account.

“Initial Value Date” shall mean, in case of the TVIS, a Working Day on which the commencement of the TVIS deposit has been agreed and, at the same time, the Bank shall be entitled to collect the principal from the Account. In case of the DST, the Initial Value Date shall be a Working Day on which the commencement of the promissory note relationship has been agreed and the Bank shall be entitled to collect the Promissory Note Deposit from the Account.

“Early Termination Date” shall have the meaning specified in Article 9(9.1).

“Value Date” shall mean a Working Day, which has been determined by the contracting parties as a date at which the parties shall be obliged to meet their liabilities ensuing from a Transaction the subject matter of which was a SPOT.

“DST” (Deposit Promissory Note of Trading) is a promissory note issued by the Bank in the Czech or English language in the name of the Client for a specific date with the maturity ranging from one day to one year. A Deposit Promissory Note shall include the following material information and particulars:

- specification indicating that it is a promissory note incorporated in the text of the deed itself expressed in the language in which this deed is drafted;
- unconditional promise to pay a pecuniary amount;
- due date;
- specification of a place where the payment should take place;



- name/trade name, address/registered office, birth number/Company ID of the Client;
- date and place of the issue of the note;
- signature, trade name, registered office and Company ID of the promissor (the Bank);
- currency in which the promissory note is denominated together with a clause concerning the effective payment in this currency unless it is the currency of the Czech Republic;
- "not to order" clause;
- "without protest" clause.

"**Electronic Client**" shall be a Client who has stated his/her e-mail address in Annexe 2 to the Contract or in another contract with the Bank.

"**Internet Address**" shall be the Bank's web (Internet) page specified in Annexe 1 to the Contract.

"**KB eTrading**" shall mean a service provided to the Client based on the Contract within the scope of the direct banking services MojeBanka internet banking or Profibanka homebanking, by means of which Transactions between the Bank and the Client are concluded.

"**Calculation Agent**" shall mean, in relation to a SPOT Transaction, a party (or a third party), identified in the Confirmation as such, responsible for establishing the current fixed rates and for carrying out calculations necessary for determining the payment liabilities of the parties. The Calculation Agent shall always be obliged to act in good faith and according to the appropriate business practice and its calculations shall be binding for the parties unless their obvious inaccuracy is proved, or, in case of the calculation of the Settlement Amount or its separate components, unless they obviously go against the business practice of the relevant financial markets. Unless agreed otherwise, the Calculation Agent shall be the Bank.

"**Client**" shall be a natural or legal person who is the Account holder and who has entered into the Contract and the Contract for the Provision of Direct Banking with the Bank.

"**Confirmation**" shall have the meaning set forth in Article 2(2.4).

"**Rate**" or "**Exchange Rate**" shall mean a cost of one currency expressed in units of another currency.

"**Replacement Transaction**" shall mean a transaction or, as the case may be, multiple transactions that, having been executed, would retain to a concerned party the economic equivalent of any payment or supply (delivery) relating to a Terminated Transaction or a group of Terminated Transactions that were to have taken place after the Early Termination Date (no matter whether the original commitment/liability was absolute or conditional, and on the condition that all applicable suspensive conditions have been met).

"**Adverse Regulatory Change**" shall have the meaning set forth in Article 8(8.2).

"**Unpaid Amounts**" owed to one party to the Contract as at a specific Early Termination Date shall mean, with respect to all Terminated Transactions, a sum of: (a) an amount equal to a sum total of all financial receivables of one party to the Contract in respect of the other party, which became due and



payable (or would have become due and payable if Article 3(3.8) had not been applied) to the former party as per Article 3(3.1) before the Early Termination Date (including that day) and remain outstanding (unpaid by one party to the other party) as at such Early Termination Date, including default interest accrued on such receivables to the Early Termination Date, and (b) with respect to the liabilities as per Article 3(3.1) corresponding to non-financial receivables of one party to the Contract in respect of the other party related to supplies (deliveries) of non-financial nature, which became due and payable (or would have become due and payable if Article 3(3.8) had not been applied) to the former party as per Article 3(3.1) before the Early Termination Date (including that day) and remain outstanding (unsatisfied/unremitted by one party to the other party) as at such Early Termination Date, an amount equal to the appropriate market value of everything that was to be (or was to have been) delivered as at the agreed date of delivery, including default interest accrued to the Early Termination Date. The default interest (interest on late payment) shall accrue daily, computed on the basis of the actual number of days elapsed. The Calculation Agent shall determine the appropriate market value at a reasonable level.

"Transaction" shall mean a contract concluded between the Client and the Bank whose subject are DST, SPOT or TVIS.

"Commercial Code" shall mean Act No. 513/1991 Coll., the Commercial Code, as amended.

"SPOT Transaction" shall mean a Transaction whose subject is a SPOT.

"Terms and Conditions of Provision and Use of Direct Banking" shall mean the Terms and Conditions of Provision and Use of Direct Banking issued by the Bank.

"Working Day" shall mean a day (with the exception of holidays which include also Saturdays and Sundays) on which banks in Prague (and, in case that the Transaction's currency is not CZK, also in the city of the state where the central bank is located which primarily controls the currency policy of the given currency) are open for standard operation and when deposits in the given Transaction's currency are traded on the interbank market.

"Instrument" shall mean an investment instrument as envisaged by the Capital Market Trading Act, in association with which the Bank provides the Services, specifically the DST that is a money market instrument.

"PRIBOR" shall mean Prague Interbank Reference Borrow Offer Rate and shall be made public through the REUTERS system, page PRBO for the requested period, or at a page that substitutes it.

"Product Terms and Conditions" shall mean the terms and conditions of the Bank governing the provision of separate Banking Services.

"Administration Order" shall have the meaning defined in the Terms and Conditions of Provision and Use of Direct Banking.

"Event of Default" shall mean any case or situation described in Article 8(8.1).

"Early Termination Event" shall mean any case or situation described in Article 8(8.2).

"Manual" shall mean the KB eTrading Manual issued by the Bank, which the Bank shall be entitled to amend. The Bank makes the Manual public on its website.



"Reference Market-Makers" shall be four leading dealers in the relevant market selected by the Bank for determining a Market Quotation.

"Complaints Procedures" shall mean the Bank's complaints regulations that constitute a part of the Contract pursuant to Section 273 of the Commercial Code, available at the Internet Address.

"Tariff of Fees of KB" shall mean a list of all fees as set down by the Bank, other prices and other payments for the Banking Services or related to them which the Bank issues and amends. The Tariff of Fees of KB is available at the points of sale of the Bank and, abbreviated, also on the Bank's website.

"Services" shall mean investment services as envisaged by the Capital Market Trading Act provided by the Bank to the Client pursuant to the Contract, specifically trading the investment instruments on its own account and safekeeping of the investment instruments.

"Promissory Note Deposit" shall mean an amount equal to the promissory note amount paid by the Client for the issue of the DST by the Bank.

"Contract" shall mean the contract entered into by the Client and the Bank, based on which the Bank undertakes to provide the Client with KB eTrading services, whose part are General Conditions and these Conditions.

"Contract for the Provision of Direct Banking" shall mean the contract entered into by the Client and the Bank, based on which the Bank undertakes to provide the Client with direct banking services and whose part are General Conditions and Terms and Conditions of Provision and Use of Direct Banking.

"SPOT" shall mean a Transaction whereby a purchase or sale of funds in one currency for a certain amount of funds in another currency is agreed as fixed between the Bank and the Client at the Rate, with the due date within of two Working Days from after the Initial Value Date.

"Market Quotation" relating to a single Terminated Transaction or multiple Terminated Transactions shall mean an amount determined by the Calculation Agent based on quotations provided by Reference Market-Makers in compliance with following rules:

- a) Each quotation shall be calculated for an amount that would either have been paid to such party (expressed as a negative number) or paid by such party (expressed as a positive number) in consideration for the quoting Reference Market-Maker's consent to enter into a contract for a Replacement Transaction with such party;
- b) Unpaid Amounts in respect of a Terminated Transaction or a group of Terminated Transactions shall be excluded from the calculation of the Market Quotation;
- c) The Calculation Agent shall ask each Reference Market-Maker to provide their quotations, if possible, as at the same date and time on which the Early Termination Date falls or as soon as reasonably possible after that date. The date and time as at which the said quotations are to be obtained shall be selected in good faith;
- d) The Market Quotation shall be the arithmetic mean of the quotations provided by Reference Market-Makers;
- e) If less than two quotations are obtained, it shall be held that no Market Quotation can be determined for such Terminated Transaction or a group of Terminated Transactions;



f) The Calculation Agent shall always be obliged to act according to the appropriate business practice and in good faith, not against the usual business practice of the relevant financial market.

"TVIS" (a term deposit with an individual interest rate) is a term deposit established and kept by the Bank based on separate Transactions. Each TVIS shall be registered in a separate account of the Bank.

"Account" shall mean any of the Client's accounts specified in Annexe 2 to the Contract. Client's accounts must be, at the same time, the accounts in respect of which direct banking services MojeBanka internet banking or Profibanka homebanking are provided.

"Terminated Transactions" shall have the meaning set forth in Articles 9(9.1) and (9.2).

"User" shall mean a natural person entitled to use the KB eTrading service. Users are set out in Annexe 2 to the Contract. In case of a Client – natural person, the User may be the Client in person and other natural persons authorised by the Client in the Contract. In case of a Client – legal person, the Users may be natural persons entitled to act independently on behalf of the Client as a statutory body (a member of a statutory body) and other natural persons authorised by the Client in the Contract.

"General Conditions" shall mean the General Business Terms and Conditions of the Bank that constitute a part of the Contract pursuant to Section 273 of the Commercial Code. They are available at the Internet Address.

"Settlement Amount" shall mean a difference between the aggregate amount of estimated current values of all receivables arising to the parties from Terminated Transactions, both due and undue, including related service payments, conditional receivables and receivables that shall be going to arise or should arise ("**relevant receivables**"). The manner in which the current values of the relevant receivables arising to the parties shall be estimated is described below. The calculations shall be done by a Calculation Agent as at a date of determination of relevant Market Quotations and the Loss. The Calculation Agent shall calculate the Settlement Amount as:

a) Sum of Market Quotations that are positive from the Bank's point of view, and of Unpaid Amounts the Client has been obliged to pay in relation to all Terminated Transactions or a group of Terminated Transactions, for which a Market Quotation has been determined and shall be applied pursuant to these Conditions;

LESS

b) Sum of absolute values of Market Quotations that are negative from the Bank's point of view, and of Unpaid Amounts the Bank has been obliged to pay in relation to all Terminated Transactions or a group of Terminated Transactions, for which a Market Quotation has been determined and shall be applied pursuant to these Conditions;

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c) Bank's Loss that is positive for all Terminated Transactions or a group of Terminated Transactions, for which a Market Quotation has not been determined or shall not be applied pursuant to these Conditions;



LESS

- d) An absolute value of the Bank's Loss that is negative for all Terminated Transactions or a group of Terminated Transactions, for which a Market Quotation has not been determined or shall not be applied pursuant to these Conditions.

If the result of the above calculation is a positive amount, the Client shall be obliged to pay the sum to the Bank as a Settlement Amount; if it is a negative amount, the Bank shall be obliged to pay the sum to the Client as a Settlement Amount.

"Capital Market Trading Act" shall mean Act No. 256/2004 Coll., On Trading in Capital Market, as amended.

"Loss" shall be an amount determined by the Calculation Agent acting reasonably from the business point of view and in good faith (not against the business practice of the relevant financial market), in respect of a party that has not been subject to an Event of Default or an Early Termination Event. The Loss shall represent total losses and costs (or bargain and/or proceeds always expressed as a negative number for the purpose of this calculation) incurred in connection with the Contract, a single Terminated Transaction or multiple Terminated Transactions. The Loss shall represent namely any and all loss of bargain, cost of funding or, without duplication, loss or cost incurred as a result of terminating, liquidating, obtaining or re-establishing any hedge against future risks or relating trading position or any gain resulting from any of them. In case that a Market Quotation cannot be determined for a Terminated Transaction or such Market Quotation (in the estimation of the Bank acting in good faith and according to the usual business practice of the relevant market) would not provide a sufficient outcome reasonable from the business point of view, the Loss on Terminated Transaction may also be calculated based on estimated costs of entering into a Transaction whose business parameters would be otherwise closest to those of a Replacement Transaction. The Loss shall not include costs referred to in Article 8(8.3). The Loss shall be determined as at the Early Termination Date or, if this is not practicable, as at a nearest future date as at which the Loss can be determined. The Calculation Agent shall also be entitled to determine the Loss based on market quotations of relevant rates, fees and prices provided by one or more leading dealers/brokers trading in relevant markets.

Any cross-reference to a Section, Article or Paragraph included in these Conditions shall be construed as a reference to a relevant Section, Article or Paragraph of these Conditions, unless the context suggests otherwise.

13. Final Provisions

- 13.1 The Bank shall be entitled to amend the Conditions from time to time in the manner set out in the General Conditions.
- 13.2 Any communication and handing over of information as per these Conditions and the Contract shall take place in the Czech language unless the contracting parties agree otherwise.
- 13.3 The Contract and Conditions shall be governed by the law of the Czech Republic and disputes as per these Conditions and the Contract shall be resolved by courts with the jurisdiction in the Czech Republic.



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- 13.4 These Conditions shall repeal and replace the Terms and Conditions of Komerční banka, a.s. for the provision and use of KB eTrading of 10.11.2008.
- 13.5 Unless other section of these Conditions stipulate otherwise these Conditions shall come into effect as of 13.1.2009.