CZECH BANKING ASSOCIATION

On the basis of standard documentation published by the European Banking Federation

MASTER AGREEMENT FOR FINANCIAL TRANSACTIONS

SUPPLEMENT TO THE DERIVATIVES ANNEX

FOREIGN EXCHANGE TRANSACTIONS

Edition 2009

This Supplement complements the General Provisions and the Derivatives Annex which form part of a Master Agreement for Financial Transactions based on the form published by the CBA.

1. Purpose, Interpretation

(1) *Purpose* The purpose of this Supplement ("Foreign Exchange Supplement") is to govern Foreign Exchange Transactions, which means a Foreign Exchange Spot, Foreign Exchange Forward, Non-Deliverable Foreign Exchange Forward, Foreign Exchange Option, Non-Deliverable Foreign Exchange Option or any other Transaction so agreed by the parties in respect of the individual Transaction or in the Special Provisions.

(2) *Interpretation.* This Supplement forms an integral part of the Derivatives Annex. The term "Annex" as used in Section 1(3) of the General Provisions should be construed as to include this Supplement. In the event of any conflict between different parts of the Derivatives Annex and this Supplement, this Supplement shall prevail.

2. Foreign Exchange Transactions

"Foreign Exchange Spot" means a Transaction in which one party (the "Seller") sells to the other (the "Buyer") a specified amount of a specified currency (the "Reference Currency") against payment of an agreed amount of a specified different currency (the "Settlement Currency"), and both obligations are settled on a spot basis.

"Foreign Exchange Forward" means a Transaction in which the Seller sells to the Buyer a specified amount of the Reference Currency against payment of an agreed amount of the Settlement Currency, and both obligations are settled on a specified later date.

"Non-Deliverable Foreign Exchange Forward" means a Transaction in which the Seller sells to the Buyer a specified amount of the Reference Currency, which is a non-convertible, non-transferable or thinly traded currency, against payment of an agreed amount of the Settlement Currency, and both obligations are settled by the payment by the Seller or, as the case may be, the Buyer of the Settlement Currency Amount based on the difference between the agreed price for the Settlement Currency and the price for the Settlement Currency on a specified later date.

"Foreign Exchange Option" means an Option Transaction in which the Seller grants to the Buyer against payment of the Premium the right to purchase, in the case of a Call, or sell, in the case of a Put, a specified amount of the Reference Currency (the "Call Currency" in the case of a Call and the "Put Currency" in the case of a Put) against payment of an agreed amount of the Settlement Currency (the "Put Currency" in the case of a Call and the "Call Currency" in the case of a Put). The Option Transaction may be settled by

(i) in the case of a Foreign Exchange Option to which "Physical Settlement" applies (the "Physically Settled Foreign Exchange Option"), delivering or transferring a specified amount of the Reference Currency against payment of an agreed amount of the Settlement Currency or

(ii) in the case of a Foreign Exchange Option to which "Cash Settlement" applies (the "Cash Settled Foreign Exchange Option"), paying the Cash Settlement Amount based on the difference between the agreed price for the Settlement Currency and the price for the Settlement Currency on the Valuation Date.

"Non-Deliverable Foreign Exchange Option" means an Option Transaction in which the Seller grants to the Buyer against payment of the Premium the right to purchase, in the case of a Call, or sell, in the case of a Put, a specified amount of the Reference Currency, which is a non-convertible, non-transferable or thinly traded currency, (the "Call Currency" in the case of a Call and the "Put Currency" in the case of a Put) against payment of an agreed amount of the Settlement Currency (the "Put Currency" in the case of a Call and the "Call Currency" in the case of a Put), and both obligations are settled by paying the Cash Settlement Amount based on

the difference between the agreed price for the Settlement Currency and the price for the Settlement Currency on the Valuation Date.

3. Deliveries and Payments

(1) *Foreign Exchange Spot and Foreign Exchange Forward.* On the agreed Settlement Date for the Foreign Exchange Spot or the Foreign Exchange Forward the Seller shall deliver or transfer to the Buyer the specified amount of the Reference Currency and the Buyer shall deliver or transfer to the Seller the agreed amount of the Settlement Currency.

(2) *Non-Deliverable Foreign Exchange Forward.* On the agreed Settlement Date for the Non-Deliverable Foreign Exchange Forward, the Seller shall pay to the Buyer the absolute value of the Settlement Currency Amount, if such amount is a negative number, and the Buyer shall pay to the Seller the Settlement Currency Amount, if such amount is a positive number.

"Settlement Currency Amount" means an amount expressed in the Settlement Currency calculated on the basis of the following formula:

$$\left[\text{Agreed Amount of Settlement Currency} \times \left(1 - \frac{\text{Forward Rate}}{\text{Settlement Currency Rate}}\right)\right]$$

(3) *Physically Settled Foreign Exchange Option.* On the agreed Premium Payment Date for the Physically Settled Foreign Exchange Option the Buyer shall pay to the Seller the Premium. If the Physically Settled Foreign Exchange Option is exercised or deemed to be exercised, on the agreed Settlement Date of the Option Transaction, the Seller shall deliver or transfer to the Buyer the specified amount of the Reference Currency against simultaneous payment of the agreed amount of the Settlement Currency.

(4) *Non-Deliverable Foreign Exchange Option and Cash Settled Foreign Exchange Option.* On the agreed Premium Payment Date for the Non-Deliverable Foreign Exchange Option or the Cash Settled Foreign Exchange Option the Buyer shall pay to the Seller the Premium. If the Option Transaction is exercised or deemed to be exercised, on the agreed Settlement Date for the Non-Deliverable Foreign Exchange Option or the Cash Settled Foreign Exchange Option, the Seller shall pay to the Buyer the Cash Settlement Amount, if such amount is a positive number.

"Cash Settlement Amount" means an amount expressed in the Settlement Currency and calculated as follows,

(i) in the case of an Option Transaction where the Reference Currency is the Put Currency and the Settlement Currency is the Call Currency:

$$\left[\text{Agreed Amount of the Call currency} \times \left(\frac{\text{Settlement currency Rate} - \text{Strike Price}}{\text{Settlement currency Rate}}\right)\right]$$

(ii) in the case of an Option Transaction where the Reference Currency is the Call Currency and the Settlement Currency is the Put Currency:

$$\left[\text{Agreed Amount of the Put currency} \times \left(\frac{\text{Strike Price} - \text{Settlement currency Rate}}{\text{Settlement Currency Rate}}\right)\right]$$

(5) *Definitions.*

"Forward Rate" means the forward foreign exchange rate agreed as such between the parties, such rate shall be expressed as an amount of the Reference Currency per one unit of the Settlement Currency.

"Settlement Currency Rate" means the foreign exchange rate expressed as an amount of the Reference Currency per one unit of the Settlement Currency as determined by the Calculation Agent on the Valuation Date for the Valuation Time based on the currency exchange rate for the Reference Currency and the Settlement Currency (the "Currency Pair") (i) quoted through and obtainable from the Price Source specified in the agreed Currency Rate Option or, failing such agreement, (ii) determined by the Calculation Agent.

"Currency Rate Option" means the foreign exchange rate agreed by the parties by reference to the publication, screen or web page of an information vendor or any other price source (the "Price Source").

"Strike Price" means the foreign exchange rate agreed between the parties at which the Currency Pair shall be exchanged if an Option Transaction is exercised or deemed to be exercised; such rate shall be expressed as an amount of the Reference Currency per one unit of the Settlement Currency.

4. Provisions applicable to Option Transactions

Unless otherwise defined in this Supplement, any term relating to Option Transactions is to be construed in accordance with the applicable Options Supplement published by the CBA.