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

INTEREST RATE 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 ("Interest Rate Supplement") is to govern Interest Rate Transactions, which means an Interest Rate Swap, Cross Currency Rate Swap, Forward Rate Agreement, Interest Rate Cap, Interest Rate Floor, Interest Rate Swaption or any other Transaction so agreed by the parties in respect of an 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. Interest Rate Transactions

"Interest Rate Swap" means a Transaction in which

(a) one party pays, once or periodically, amounts of money (the "Floating Amounts") in a specified currency calculated on a specified notional amount (the "Notional Amount") in such currency and a specified Floating Rate, and

(b) the other party pays, once or periodically, either

(i) amounts of money (the "Fixed Amounts") in the same currency calculated on the same Notional Amount and a specified Fixed Rate or

(ii) Floating Amounts in the same currency calculated on the same Notional Amount and a different Floating Rate.

"Cross Currency Rate Swap" means a Transaction in which

(a) one party pays, once or periodically, Floating Amounts or Fixed Amounts in a specified currency calculated on a specified notional amount (the "Currency Amount") in such currency, and

(b) the other party pays, once or periodically, Floating Amounts or Fixed Amounts in a different currency calculated on a Currency Amount in such different currency.

"Forward Rate Agreement" or "FRA" means a Transaction in which one party (the "Seller") or the other party (the "Buyer") pays, once or periodically, Floating Amounts in a specified currency calculated on a Notional Amount in such currency and the the Floating Rate.

"Interest Rate Cap" means a Transaction in which the Seller pays to the Buyer against payment of an agreed premium, once or periodically, Floating Amounts in a specified currency calculated on a Notional Amount in such currency and the Floating Rate, if such amount is a positive number.

"Interest Rate Floor" means a Transaction in which the Seller pays to the Buyer against payment of an agreed premium, once or periodically, Floating Amounts in a specified currency calculated on a Notional Amount in such currency and the Floating Rate, if such amount is a negative number.

"Interest Rate Swaption" means an Option Transaction in which the Seller grants to the Buyer against payment of a Premium the right to cause the underlying Interest Rate Transaction (the "Underlying Transaction") to become effective, whereby the Underlying Transaction is to be settled

(i) by making all payments and deliveries or transfers to be made by the parties in accordance with the terms of the Underlying Transaction, in the case of an Interest Rate Swaption to which "Physical Settlement" applies (the "Physically Settled Interest Rate Swaption") or

(ii) in the case of an Interest Rate Swaption to which "Cash Settlement" applies (the "Cash Settled Interest Rate Swaption"), by paying the Cash Settlement Amount based on the value of the Underlying

Transaction on the Valuation Date, if such value, from the Buyer's perspective, is a positive number.

3. Deliveries and Payments

(1) *Interest Rate Swap and Cross Currency Rate Swap.* On each agreed Settlement Date for the payment of a Floating Amount, the party (the "Floating Amount Payer") that owes such amount shall pay the Floating Amount and on each Settlement Date for the payment of a Fixed Amount, the party (the "Fixed Amount Payer") that owes such amount shall pay the Fixed Amount.

(2) *Forward Rate Agreement.* On each agreed Settlement Date for the payment of a Floating Amount, the Seller shall pay to the Buyer the Floating Amount if such amount is a positive number and the Buyer shall pay to the Seller the Floating Amount if such amount is a negative number.

(3) *Interest Rate Cap and Interest Rate Floor.* On each agreed Settlement Date for the payment of a premium, the Buyer shall pay to the Seller the agreed premium. On each agreed Settlement Date for the payment of a Floating Amount, the Seller under an Interest Rate Cap shall pay to the Buyer the Floating Amount if such amount is a positive number and the Seller under an Interest Rate Floor shall pay to the Buyer the Floating Amount if such amount is a negative number.

(4) *Physically Settled Interest Rate Swaption.* On each agreed Premium Payment Date for a Physically Settled Interest Rate Swaption, the Buyer shall pay to the Seller the premium. If a Physically Settled Interest Rate Swaption is exercised or deemed to be exercised, on each agreed Settlement Date for the payment of a Floating Amount under the Underlying Transaction, the Floating Amount Payer shall pay the Floating Amount and on each Settlement Date agreed for the payment of a Fixed Amount under the Underlying Transaction, the Fixed Amount Payer shall pay the Fixed Amount.

(5) *Cash Settled Interest Rate Swaption.* On each agreed Premium Payment Date for a Cash Settled Interest Rate Swaption, the Buyer shall pay to the Seller the premium. If a Cash Settled Interest Rate Swaption is exercised or deemed to be exercised, on the Settlement Date for the Cash Settled Interest Rate Swaption, the Seller shall pay to the Buyer the Cash Settlement Amount, if such amount is a positive number.

The Cash Settlement Amount is

(a) the amount agreed as such between the parties or, failing such agreement,

(b) an amount in the Cash Settlement Currency equal to the value of the Underlying Transaction as determined by the Calculation Agent on the Valuation Date in accordance with (i) the Cash Settlement Method agreed between the parties in respect of the relevant Option Transaction or, failing such agreement, (ii) Section 7(l)(a) of the General Provisions and applied as if the Buyer were the Calculation Party.

4. Calculation of Fixed Amounts and Floating Amounts

(1) *Fixed Amounts.* The Fixed Amount payable on a Settlement Date of a Fixed Amount is the amount

(a) agreed to by the parties in respect of that Settlement Date or the Calculation Period relating to that Settlement Date or, failing such agreement,

(b) equal to the product of (i) the Calculation Amount (ii) the Fixed Rate, and (iii) the Day Count Fraction elected by the parties in respect of the Fixed Amounts.

(2) *Floating Amounts.* The Floating Amount payable on a Settlement Date of a Floating Amount is the amount

(a) if neither "Compounding" nor "Flat Compounding" is elected in respect of the relevant Transaction, equal to the product of (i) the Calculation Amount, (ii) the Floating Rate (plus or minus a spread), and (iii) the Day Count Fraction elected by the parties in respect of Floating Amounts; or

(b) if "Compounding" is elected in respect of the relevant Transaction, equal to the sum of the Compounding Period Amounts calculated for each Compounding Period in the Calculation Period relating to that Settlement Date; or

(c) if "Flat Compounding" is elected in respect of the relevant Transaction, equal to the sum of (i) the Basic Compounding Period Amounts and (ii) the Additional Compounding Period Amounts, each calculated for each Compounding Period in the Calculation Period relating to that Settlement Date.

For the purposes of the calculation of the Floating Amount and where "Compounding" or "Flat Compounding" is elected in respect of the relevant Transaction:

"Compounding Period" means, in relation to a Calculation Period, each period beginning with, and including, the Effective Date or a Compounding Date and ending with, but excluding, the next following Compounding Date or Termination Date.

"Compounding Date" means each day during the term of the relevant Transaction agreed as such by the parties, subject to adjustments in accordance with Section 3(6) of the General Provisions applicable to Period End Dates in respect of the Transaction.

"Compounding Period Amount" means, for each Compounding Period, an amount equal to the product of (i) the Adjusted Calculation Amount, (ii) the Floating Rate (plus or minus a spread), and (iii) the Day Count Fraction elected by the parties in respect of Floating Amounts.

"Adjusted Calculation Amount" means (i) in relation to the first Compounding Period in the Calculation Period, the Calculation Amount for this Calculation Period and (ii) in relation to each succeeding Compounding Period in this Calculation Period, an amount equal to the sum of the Calculation Amount for this Calculation Period and the Compounding Period Amounts for each of the preceding Compounding Periods in this Calculation Period.

"Basic Compounding Period Amount" means, for each Compounding Period, an amount calculated in accordance with the method indicated in subsection 2(a) above.

"Additional Compounding Period Amount" means, for each Compounding Period, an amount equal to the product of (i) the Flat Compounding Amount, (ii) the Floating Rate, and (iii) the Day Count Fraction elected by the parties in respect of Floating Amounts.

"Flat Compounding Amount" means (i) in relation to the first Compounding Period in the Calculation Period, zero and (ii) in relation to each succeeding Compounding Period in this Calculation Period, an amount equal to the sum of the Basic Compounding Period Amounts and the Additional Compounding Period Amounts for each of the preceding Compounding Periods in this Calculation Period.

(3) *Calculation Amount.* "Calculation Amount" means the Notional Amount or, as the case may be, the Currency Amount expressed in a specified currency agreed to by the parties in respect of the relevant Settlement Date or the Calculation Period relating to that Settlement Date.

(4) *Fixed Rate.* "Fixed Rate" means the interest rate expressed as a decimal figure equal to a per annum rate agreed by the parties in respect of the relevant Settlement Date or the Calculation Period relating to that Settlement Date.

(5) *Floating Rate.* "Floating Rate" means

(a) in respect of a Forward Rate Agreement, Interest Rate Cap and Interest Rate Floor, the difference between (i) the interest rate determined in the manner described in (b) below and (ii) the Fixed Rate, in each case expressed as a decimal figure equal to a per annum rate, and

(b) in respect of all other Interest Rate Transactions (i) the interest rate expressed as a decimal figure equal to a per annum rate agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, or, failing such agreement, (ii) if the parties agreed to a specified Floating Rate Option and either (x) only one Reset Date has been agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, the Settlement Interest Rate on that Reset Date, or (y) more than one Reset Date has been agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, the arithmetic mean of the Settlement Interest Rates for each of those Reset Dates, or (z) more than one Reset Date and "Weighted Average" has been agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, the weighted arithmetic mean of the Settlement Interest Rates for each of those Reset Dates calculated by (x) multiplying each Settlement Interest Rate by the number of days such Settlement Interest Rate is in effect, (y) determining the sum of those products, and (z) dividing such sum by the number of days in the relevant Calculation Period or Compounding Period.

"Settlement Interest Rate" means the interest rate expressed as a decimal figure equal to a per annum rate as determined on or in respect of the relevant Reset Date on the basis of the interest rate (i) quoted through and obtained from the Price Source specified in the agreed Floating Rate Option or, failing such agreement, (ii) determined by the Calculation Agent.

"Floating Rate Option" means the interest 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").

"Reset Date" means, subject to adjustments in accordance with Section 3(6) of the General Provisions, each day (i) agreed as such by the parties in respect of the relevant Transaction or (ii) determined by applying the agreed Floating Rate Option, subject to the provisions of paragraph 8 below.

(6) *Rounding.* Any interest rate used for calculating a Floating Amount or Fixed Amount shall, if not already an integral number, be rounded up or down to the nearest fifth decimal place. If the sixth decimal place is equal to five, the fifth decimal place shall be rounded up.

(7) *Day Count Fraction.* "Day Count Fraction" means, as elected by the parties in respect of calculating the Fixed Amounts or Floating Amounts or Compounding Period Amounts:

(a) "1/1" means the fraction whose numerator is 1 and whose denominator is 1.

(b) "Actual/360" means the fraction whose numerator is the actual number of days elapsed during the Calculation Period or Compounding Period and whose denominator is 360.

(c) "30E/360" means the fraction whose numerator is the number of days elapsed during the Calculation Period or Compounding Period, calculated on the basis of a year comprising 12 months of 30 days and whose denominator is 360. If the last day of the Calculation Period or Compounding Period is the last day of the month of February, the number of days elapsed during such month shall be taken as the actual number of days.

(d) "30/360" means the fraction whose numerator is the number of days elapsed during the Calculation Period or Compounding Period, calculated on the basis of a year comprising 12 months of 30 days and whose denominator is 360. If the last day of the Calculation Period or Compounding Period is the 31st day of a month and the first day of the Calculation Period or Compounding Period is a day other than the 30th or 31st day of a month, the last month of the period shall be deemed to be a month of 31 days. If the last day of the Calculation Period or Compounding Period is the last day of the month of February, the number of days elapsed during such month shall be taken as the actual number of days.

(e) "360/360 (German Master)" means the fraction whose numerator is the number of days elapsed during the Calculation Period or Compounding Period, calculated on the basis of 360-day year with 12 months of 30 days and whose denominator is 360.

(f) "Actual/365" means the fraction whose numerator is the actual number of days elapsed during the Calculation Period or Compounding Period and whose denominator is 365 or 366 in the case of a leap year. If part of the Calculation Period or Compounding Period should fall in a leap year, Actual/365 shall mean the sum of (i) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual days elapsed during the leap year and whose denominator is 366.

(g) "Actual/Fixed 365" means the fraction whose numerator is the actual number of days elapsed during the Calculation Period or Compounding Period and whose denominator is 365.

(h) "365/365 (German Master)" means the fraction whose numerator is the number of days elapsed during the Calculation Period or Compounding Period and whose denominator is 365 or 366 in the case of a leap year.

(i) "Actual/Actual AFB/FBF Master Agreement" means the fraction whose numerator is the actual number of days elapsed during the Calculation Period or Compounding Period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period or Compounding Period). If the Calculation Period or Compounding Period is a term of more than one year, the basis shall be calculated as follows:

(a) the number of complete years shall be counted back from the last day of the Calculation Period or Compounding Period and

(b) this number shall be increased by the fraction for the relevant period calculated as shown above.

(8) *Determination of the Settlement Interest Rate.* Where a Floating Rate is to be determined by reference to a specified Floating Rate Option, the Calculation Agent shall notify the other party or, as the case may be, each party of the Settlement Interest Rate, the Floating Rate calculated therefrom on the Reset Date or promptly thereafter. If on a Reset Date a Price Source Disruption Event occurs and the Calculation Agent determines that such event is material,

(a) if only one Reset Date has been agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, the Reset Date shall be postponed to the first succeeding Business Day on which there is no Price Source Disruption Event, unless there is a Price Source Disruption Event relating to the relevant Floating Rate Option on each of the five Business Days immediately following the Reset Date, in which case such fifth Business Day shall be deemed to be the Reset Date and the Calculation Agent shall determine the Settlement Interest Rate on that fifth Business Day; or

(b) if more than one Reset Date has been agreed by the parties in respect of the relevant Settlement Date or the Calculation Period or Compounding Period relating to that Settlement Date, that Reset Date should be omitted and deemed to be not a relevant Reset Date, provided that if through operation of this provision there would not be a Reset Date, then (a) above will apply.

(9) *Price Source Disruption and Price Source Conversion.*

"Price Source Disruption Event" means any failure of the relevant Price Source to announce, display or publish the interest rate for the relevant Floating Rate Option or any other information necessary for determining the interest rate or a temporary or permanent discontinuance or unavailability of the Price Source. If the relevant Price Source has ceased to announce, display or publish the interest rate for the relevant Floating Rate Option and (i) if an alternative price source (the "Successor Price Source") has been agreed by the parties for the relevant Transaction or, failing such agreement, (ii) if a Successor Price Source is officially designated in the information vendor's publication, screen or web page or by the sponsor of the Floating Rate Option, the Calculation Agent will determine the Settlement Interest Rate by reference to that Successor Price Source. If no such Successor Price Source has been agreed or designated, the Calculation Agent will determine the Settlement Interest Rate by reference to a new Floating Rate Option agreed by the parties.

(10) *Correction of Published Interest Rates.* Where a Floating Rate is to be determined by reference to a specified Floating Rate Option, in the event that an interest rate announced, displayed or published by the relevant information vendor and used by the Calculation Agent for determining the Settlement Interest Rate is subsequently corrected and announced, displayed or published within thirty Business Days after the relevant Reset Date, the Calculation Agent shall notify the other party or, as the case may be, each party of the Settlement Interest Rate, the Floating Rate calculated there from and the Floating Amount payable as a result of that correction.

(11) *Calculation Period. Period End Date.*

"Calculation Period" means each period beginning with, and including, the Effective Date or a Period End Date and ending with, but excluding, the next following Period End Date or Termination Date.

"Period End Date" means

(a) each day during the term of the Transaction agreed as such by the parties, or

(b) if "Eurodollar Convention" has been agreed by the parties, each day during the term of the Transaction that numerically corresponds with the preceding applicable Period End Date or Effective Date in the calendar month that is the specified number of months after the month in which such preceding applicable Period End Date or Effective Date occurred, provided that if there is no numerically corresponding day in the calendar month in which such Period End Date should occur, Period End Date will be the last Business Day of that calendar month and all subsequent Period End Dates will be the last Business Day of the calendar month that is the specified number of months after the month in which the preceding applicable Period End Date occurred and, failing such agreements,

(c) each Settlement Date, in each case subject to adjustments in accordance with Section 3(6) of the General Provisions which shall apply accordingly, provided that no such adjustment applies if "No Adjustment" has been agreed by the parties.

(12) *Settlement Date.*

"Settlement Date" means in respect of the payment of a Floating Amount or Fixed Amount either

(a) each day during the term of the Transaction agreed by the parties upon which the payment of a Floating Amount or a Fixed Amount shall be made, or

(b) if "Delayed Payment" is agreed between the parties, each date that is the specified number of days after the applicable Period End Date or Termination Date, or

(c) if "Early Payment" is agreed between the parties, each date that is the specified number of days prior to the applicable Period End Date or Termination Date or, failing such agreements,

(d) each Period End Date, in each case subject to adjustments in accordance with Section 3(6) of the General Provisions.

5. 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.