Appendix to Client Information on the Securities and OTC Derivatives Business

Intended for all clients, potential clients and stakeholders.

This Appendix to the document Client Information on the Securities and OTC Derivatives Business ("Appendix") presents some local factors specific to COMMERZBANK Aktiengesellschaft, pobočka Praha ("the Bank") that differ from the brochure Client Information on the Securities and OTC Derivatives Business ("Brochure") published on www.commerzbank.cz and, where appropriate, it supplements that document. In case of any conflict between the provisions of the Brochure and the Appendix, the provisions of the Appendix shall prevail.

General information on COMMERZBANK Aktiengesellschaft, pobočka Praha

Your contractual partner:

COMMERZBANK Aktiengesellschaft, pobočka Praha

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Telephone: +420 221 193 111, Fax: +420 221 193 699

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Services

Please note that not all services mentioned in the Brochure are provided by the Bank or that some services, although available, may not be provided by the Bank to the same extent as that specified in the Brochure.

The Bank provides the following investment services:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of client orders on behalf of clients in relation to one or more financial instruments
- Dealing on own account in relation to one or more financial instruments

The Bank explicitly states that it does not provide the service of investment advice.

The Bank's product portfolio includes the following derivatives:

- Plain vanilla currency derivatives (forwards, swaps)
- Interest rate swaps, interest rate options
- Cross-currency swaps

These derivatives are used primarily for currency and interest rates risk hedging.

The Bank is also a Sales Location for Commodity Trading, FX option, FX Structured Products, European Union Emission Allowances (EU EA).

The Bank also provides a money market deposit service ("deposit") for legal entities that do not have a current account within the Bank and have one of the framework agreements on trading on the financial market. The client can agree with the Bank the deposit of a certain amount as a time deposit on the Bank's nostro account. The client can negotiate the deposit only by telephone. The Bank will give instructions to the client to transfer the amount of the deposit and to book it under the reference number as a *term deposit*. The Bank issues a confirmation to the client showing the amount deposited, interest rate and maturity period. The client may not access the time deposit funds before the maturity date. The time deposit amount and the interest shall be transferred to the client's current account at another bank according to its instruction on the maturity date of the time deposit. If the time deposit was arranged for a period longer than one year, the aliquot part of the interest is credited continuously after the end of each calendar year. The deposit can be terminated prematurely only after agreement with the Bank. In such a case, the Bank will pay out the deposit prematurely, but it is entitled to reduce the interest for the entire elapsed time to zero, in exceptional cases, in unfavorable market conditions, it is also entitled to reduce the principal amount of the deposit.

For more information, please contact 221 193 152, 221 193 157.

Recording of electronic communications and telephone calls

The Bank keeps records of all client communication, including electronic communications, telephone call recordings, and minutes of face-to-face meetings, for ten years in accordance with Act No 21/1992 Coll, on Banks, as amended.

The client has the right to request copies of these records and documents.

The client has the right not to agree to the recording of electronic communications and telephone calls, in which case communication with the client on investment-related matters must be discontinued.

COMMERZBANK Aktiengesellschaft, Frankfurt am Main retains all electronic communications and telephone recordings for five years or, in relation to products for which the Bank serves as a Sales Location, for up to seven years.

Taxes

Taxes are governed by the laws of the Czech Republic. Clients should check (if possible by consulting a tax adviser) their tax regime and the applicability of relevant tax regulations.

Contractual framework

The business relationship is established according to the laws of the Czech Republic.

For the avoidance of doubt, it is specified that the contractual framework of the Bank's clients includes the General Terms and Conditions of COMMERZBANK Aktiengesellschaft, pobočka Praha.

Clients may communicate with the Bank in Czech or English. Unless otherwise agreed, the Czech version of documents will be regarded as the definitive version for all purposes. Any texts provided in other languages are intended solely as a means to understand the document's decisive language version.

For the avoidance of doubt, it is specified that, if the contractual documentation is in Czech, the language of communication is Czech. If the contractual documentation is in English, the language of communication is English.

Regulator in the Czech Republic:

Czech National Bank

Na Příkopě 28

115 03 Prague 1

Derivatives – characteristics and description

A derivative is an instrument derived from underlying assets. It is a form of "futures trading", in which there is a delay between the negotiation of a trade and the fulfilment of the conditions stemming from that trade. The most common underlying assets are interest rate, currency and equity instruments or commodities.

Derivatives are generally grouped among investment instruments which carry a risk of the complete loss of the amount invested and a risk of incurring additional financial liabilities. For these instruments, the client has a legal obligation to pay additional financial liabilities that may arise from developments in an instrument's market price, which may fluctuate significantly over the period that it is held. Upon settlement, there is a risk of losing part or all of the amount invested, and additional financial liabilities may even be incurred. A leverage effect may be linked to derivatives. Leverage can generally be defined as a mechanism where a small percentage change in the price of the underlying asset of a derivative or investment instrument purchased on credit translates into a percentage change in the profit or loss on the client's own invested funds that is several times larger.

Basic functions of derivatives:

- Hedging

Hedging can be described as a way of mitigating, spreading or transferring financial risks to other entities. There are several hedging strategies, such as hedging against changes in the exchange rate, against changes in the price of a commodity, against changes in the price of a security, against changes in interest rates, or against changes in the securities market.

- Speculation

Derivatives trading for purposes of speculation is based on expectations of future movements in the price of the underlying asset. Speculators buy underlying assets for future delivery if they believe that their spot market price in the future will be higher than the current forward market price. One of the advantages of speculative operations is that they require little or no capital.

- Arbitrage

Arbitrage is the practice of making a profit by taking advantage of price differences where the same asset or instrument is traded on two or more markets. The arbitrageur buys the asset or instrument in a market where its price is lower and then sells it in a market where its price is higher. The arbitrageur bears only minimal risk because the two transactions are executed simultaneously.

Description of derivatives in the Bank's product portfolio:

- Forward

A forward represents the buyer's obligation to buy a certain quantity of an underlying instrument at a certain future date for a specified price. The risk stemming from the settlement of the trade is borne by the client because settlement takes place bilaterally between the buyer and the seller. Forwards are traded on over-the-counter (OTC) markets.

- Swap

A swap is a commitment by two parties to exchange certain underlying assets at certain intervals in the future. It effectively involves two or more forwards that are contractually interconnected. The Bank trades swaps on the OTC market.

- Option

Unlike other derivatives, an option represents not only the obligation, but also the right, of the holder to buy or sell a certain instrument at a certain date or time in the future for a specified price, and the seller's obligation to sell or buy the instrument under set conditions.

Description of basic risks attached to derivatives in the Bank's product portfolio:

Currency risk – the currency risk increases an investment instrument's overall market risk due to a possible change in the exchange rate. For example, if securities are denominated in EUR and the EUR subsequently depreciates, they record an increase in their market value expressed in CZK, even though the EUR price of these securities does not change in any way. Currency risk mainly relates to investment instruments denominated in a currency other than the domestic currency and to currency derivatives.

Market risk – the risk of a change in the market price of an investment instrument due to market factors (the interest rate, the exchange rate, the price of the underlying assets, etc.). Currency and interest rate risks are forms of market risk.

Interest rate risk – the risk of a change in the market price of an investment instrument due to a change in interest rates. In particular, trades in debt securities and interest rate derivatives are exposed to interest rate risk. The fluctuation of the market price of most debt securities is inversely proportional to interest rate movements.

Liquidity risk – liquidity is the ability to readily convert an investment instrument into cash. The liquidity risk is particularly relevant for less commonly traded, structured, or individualised investment instruments and for investment instruments where the buyer undertakes to hold the instrument for at least a certain minimum period.

The client may take steps to manage the above-mentioned risks and hedge against them. The basic risk management tools are diversification, hedging, and the selection of creditworthy investment instruments.

This document and also the document Client Information on the Securities and OTC Derivatives Business is available also in a paper form. For more information please contact your advisor.