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ICMA

International Capital Market Association

International Capital Market Association
Talacker 29, 8001 Zurich, Switzerland
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2011 VERSION

Global Master Repurchase Agreement

Dated as of **26 March 2021**

Between:

ING Bank Śląski S.A.

(“Party A”)

and

The State of the Czech Republic acting through the Ministry of Finance of the Czech Republic

(“Party B”)

1. Applicability

- (a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, (“Seller”) agrees to sell to the other, acting through a Designated Office, (“Buyer”) securities or other financial instruments (“Securities”) (subject to paragraph 1(c), other than equities and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the repurchase price by Seller to Buyer.
- (b) Each such transaction (which may be a repurchase transaction (“Repurchase Transaction”) or a buy and sell back transaction (“Buy/Sell Back Transaction”)) shall be referred to herein as a “Transaction” and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I and any annex specified in Annex I, unless otherwise agreed in writing.
- (c) If this Agreement may be applied to -



- (i) Buy/Sell Back Transactions, this shall be specified in Annex I hereto, and the provisions of the Buy/Sell Back Annex shall apply to such Buy/Sell Back Transactions;
- (ii) Net Paying Securities, this shall be specified in Annex I hereto and the provisions of Annex I, paragraph 1(b) shall apply to Transactions involving Net Paying Securities.

2. Definitions

- (a) "Act of Insolvency" shall occur with respect to any party hereto upon –
 - (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with, creditors; or
 - (ii) a secured party taking possession of, or carrying out other enforcement measures in relation to, all or substantially all assets of such party, provided the relevant process is not dismissed, discharged, stayed or restrained within 15 days; or
 - (iii) its becoming insolvent or becoming unable to pay its debts as they become due or failing or admitting in writing its inability generally to pay its debts as they become due; or
 - (iv) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - (v) the presentation or filing of a petition in respect of it (other than by the other party to this Agreement in respect of any obligation under this Agreement) in any court or before any agency or the commencement of any proceeding by any Competent Authority alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition not having been stayed or dismissed within 15 days of its filing (except in the case of a petition presented by a Competent Authority or for winding-up or any analogous proceeding, in respect of which no such 15 day period shall apply); or
 - (vi) the appointment of a receiver, administrator, liquidator, conservator, custodian or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vii) the convening of any meeting of its creditors for the purpose of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);

- (b) "Agency Transaction", the meaning specified in paragraph 1 of the Agency Annex to this Agreement as published by ICMA;
- (c) "Applicable Rate", in relation to any sum in any currency:
 - (i) for the purposes of paragraph 10, the rate selected in a commercially reasonable manner by the non-Defaulting Party;
 - (ii) for any other purpose, the rate agreed by the parties acting in a commercially reasonable manner;
- (d) "Appropriate Market", the meaning specified in paragraph 10;
- (e) "Base Currency", the currency indicated in Annex I;
- (f) "Business Day" means –
 - (i) in relation to the settlement of a Transaction or delivery of Securities under this Agreement through a settlement system, a day on which that settlement system is open for business;
 - (ii) in relation to the settlement of a Transaction or delivery of Securities under this Agreement otherwise than through a settlement system, a day on which banks are open for business in the place where the relevant Securities are to be delivered and, if different, the place in which the relevant payment is to be made; and
 - (iii) in relation to the payment of any amount under this Agreement not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET2 operates).
- (g) "Cash Equivalent Amount" has the meaning given in paragraph 4(h);
- (h) "Cash Margin", a cash sum paid or to be paid to Buyer or Seller in accordance with paragraph 4;
- (i) "Competent Authority", a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over a party in the jurisdiction of its incorporation or establishment or the jurisdiction of its head office;
- (j) "Confirmation", the meaning specified in paragraph 3(b);
- (k) "Contractual Currency", the meaning specified in paragraph 7(a);
- (l) "Defaulting Party", the meaning specified in paragraph 10;
- (m) "Default Market Value", the meaning specified in paragraph 10;



- (n) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10(b) designating a day as an Early Termination Date;

- (o) "Deliverable Securities", the meaning specified in paragraph 10;
- (p) "Designated Office", a branch or office which is specified as such in Annex I or such other branch or office as may be agreed in writing by the parties;
- (q) "Distribution(s)", the meaning specified in sub-paragraph (y) below;
- (r) "Early Termination Date", the date designated as such in a Default Notice or as otherwise determined in accordance with paragraph 10(b);
- (s) "Electronic Messaging System", an electronic system for communication capable of reproducing communication in hard copy form, including email;
- (t) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;
- (u) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption (other than Distributions);
- (v) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities, provided that -
 - (A) Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated into euro or that the nominal value of those Securities has changed in connection with such redenomination; and
 - (B) where Securities have been converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event other than a Distribution, the expression "equivalent to" shall mean Securities equivalent to (as defined in the provisions of this definition preceding the proviso) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that receivable by holders of such original Securities resulting from such event;
- (w) "Event of Default", the meaning specified in paragraph 10;
- (x) "Forward Transaction", the meaning specified in paragraph 2(c)(i) of Annex I;
- (y) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon, including distributions which are a payment or repayment of principal in respect of the relevant securities ("Distribution(s)");
- (z) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by



reference to which particular registered holders are identified as being entitled to payment of Income;

- (aa) "Margin Percentage", with respect to any Margin Securities or Equivalent Margin Securities, the percentage, if any, agreed by the parties acting in a commercially reasonable manner;
- (bb) "Margin Ratio", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;
- (cc) "Margin Securities", in relation to a Margin Transfer, Securities of the type and value (having applied Margin Percentage, if any) reasonably acceptable to the party calling for such Margin Transfer;
- (dd) "Margin Transfer", any, or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;
- (ee) "Market Value", with respect to any Securities as of any time on any date, the price for such Securities (after having applied the Margin Percentage, if any, in the case of Margin Securities) at such time on such date obtained from a generally recognised source agreed by the parties or as otherwise agreed by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) having regard to market practice for valuing Securities of the type in question plus the aggregate amount of Income which, as at such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the time of the determination;
- (ff) "Net Exposure", the meaning specified in paragraph 4(c);
- (gg) the "Net Margin" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred or a Cash Equivalent Amount has been paid to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred or a Cash Equivalent Amount has been paid by the other party) and for

this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the time of the determination;

- (hh) "Net Paying Securities", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;
- (ii) "Net Value", the meaning specified in paragraph 10;
- (jj) "New Purchased Securities", the meaning specified in paragraph 8(a);
- (kk) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day, 365 day or other day basis in accordance with the applicable market convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;
- (ll) "Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;
- (mm) "Purchase Date", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;
- (nn) "Purchase Price", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;
- (oo) "Purchased Securities", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 in respect of that Transaction;
- (pp) "Receivable Securities", the meaning specified in paragraph 10;
- (qq) "Repurchase Date", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;
- (rr) "Repurchase Price", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;



- (ss) "Spot Rate", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree
 - (i) for the purposes of paragraph 10, the spot rate of exchange obtained by reference to a pricing source or quoted by a bank, in each case specified by the non-Defaulting Party, in the London inter-bank market for the purchase of the second currency with the first currency at such dates and times determined by the non-Defaulting Party; and
 - (ii) for any other purpose, the latest available spot rate of exchange obtained by reference to a pricing source or quoted by a bank, in each case agreed by the parties (or in the absence of such agreement, specified by Buyer), in the London inter-bank market for the purchase of the second currency with the first currency on the day on which the calculation is to be made or, if that day is not a day on which banks are open for business in London, the spot rate of exchange quoted at close of business in London on the immediately preceding day in London on which such a quotation was available;
- (tt) "TARGET2", the Second Generation Trans-European Automated Real-time Gross Settlement Express Transfer System, or any other system that replaces it;
- (uu) "Term", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;
- (vv) "Termination", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and reference to a Transaction having a "fixed term" or being "terminable upon demand" shall be construed accordingly;
- (ww) "Transaction Costs", the meaning specified in paragraph 10;
- (xx) "Transaction Exposure", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10 (h) or 10(i)) the amount "E" determined in accordance with (A) or (B) below as specified in Annex I (or agreed by the parties with respect to particular transactions):

(A) the result of formula $E = (R \times MR) - MV$, where:

R = the Repurchase Price at such time

MR = the applicable Margin Ratio

MV = the Market Value of Equivalent Securities at such time

and so that where the Transaction relates to Securities of more than one description or to which different Margin Ratios apply, E shall be determined by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the results and for this purpose the Repurchase Price shall be attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was

apportioned among the Purchased Securities.

If E is greater than zero, Buyer has a Transaction Exposure equal to E and if E is less than zero, Seller has a Transaction Exposure equal to the absolute value of E; provided that E shall not be greater than the amount of the Repurchase Price on the date of determination; or

(B) the result of the formula $E = R - V$, where:

R = the Repurchase Price at such time

V = the Adjusted Value of Equivalent Securities at such time or, where a Transaction relates to Securities of more than one description or to which different haircuts apply, the sum of the Adjusted Values of Securities of each such description.

For this purpose the "Adjusted Value" of any Securities is their value determined on the basis of the formula, $(MV (1-H))$, where:

MV = the Market Value of Equivalent Securities at such time

H = the "haircut" for the relevant Securities, if any, as agreed by the parties from time to time, being a discount from the Market Value of the Securities.

If E is greater than zero, Buyer has Transaction Exposure equal to E and if E is less than zero, Seller has a Transaction Exposure equal to the absolute value of E; and

(yy) except in paragraphs 14(b)(i) and 18, references in this Agreement to "written" communications and communications "in writing" include communications made through any Electronic Messaging System agreed between the parties.

3. Initiation; Confirmation; Termination

(a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.

(b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation of such Transaction (a "Confirmation").

The Confirmation shall describe the Purchased Securities (including CUSIP or ISIN or other identifying number or numbers, if any), identify Buyer and Seller and set forth -



- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation shall state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;
- (v) in respect of each party the details of the bank account(s) to which payments to be made hereunder are to be credited;
- (vi) where the Buy/Sell Back Annex applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where the Agency Annex applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II or may be in any other form to which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

- (c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer in accordance with paragraph 6(c).
- (d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.
- (e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.
- (f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

- (a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.
- (b) A notice under sub-paragraph (a) above may be given orally or in writing.
- (c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.
- (d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it or a Cash Equivalent Amount has not been paid, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.
- (e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.
- (f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.
- (g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.
- (h) Where a party (the "Transferor") becomes obliged to transfer Equivalent Margin Securities and, having made all reasonable efforts to do so, is, for any reason relating to the Securities or the clearing system through which the Securities are to be transferred, unable to transfer Equivalent Margin Securities then
 - (i) the Transferor shall immediately pay to the other party Cash Margin at least equal to the Market Value of such Equivalent Margin Securities (and, unless the parties



- otherwise agree, such Cash Margin shall not bear interest in accordance with paragraph 4(f)); and
- (ii) if the failure is continuing for two Business Days or more the other party may by notice to the Transferor require the Transferor to pay an amount (the "Cash Equivalent Amount") equal to the Default Market Value of the Equivalent Margin Securities determined by the other party in accordance with paragraph 10(f) which shall apply on the basis that references to the non-Defaulting Party were to the other party and references to the Early Termination Date were to the date on which notice under this paragraph is effective.
- (i) The parties may agree that, with respect to any Transaction, the provisions of sub-paragraphs (a) to (h) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case –
 - (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
 - (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
 - (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (h) above.
 - (j) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (k) below, the adjustment of Transactions under sub-paragraph (l) below or a combination of both these methods.
 - (k) Where the parties agree that a Transaction is to be repriced under this sub-paragraph, such repricing shall be effected as follows –
 - (i) the Repurchase Date under the relevant Transaction (the "Original Transaction") shall be deemed to occur on the date on which the repricing is to be effected (the "Repricing Date");
 - (ii) the parties shall be deemed to have entered into a new Transaction (the "Repriced Transaction") on the terms set out in (iii) to (vi) below;
 - (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
 - (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;

- (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the minimum period specified in sub-paragraph (g) above.
- (l) The adjustment of a Transaction (the "Original Transaction") under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "Adjustment Date") the Original Transaction shall be terminated and they shall enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions –
- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
 - (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
 - (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;
 - (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
 - (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in sub-paragraph (g) above.

5. **Income Payments**

Unless otherwise agreed –

- (a) where: (i) the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction; or (ii) an Income Payment Date in respect of any such Securities occurs after the Repurchase Date but before Equivalent Securities have been delivered to Seller or, if earlier, the occurrence of an Early Termination Date or the termination of the Transaction under paragraph 10(i) then Buyer



shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;

- (b) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred or a Cash Equivalent Amount is paid by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. Payment and Transfer

- (a) Unless otherwise agreed, all money paid hereunder shall be in immediately available freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through any agreed book entry or other securities clearance system or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.
- (b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- (c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.
- (d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be

made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.

- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens (other than a lien granted to the operator of the clearance system through which the Securities are transferred), claims, charges and encumbrances.
- (f) Notwithstanding the use of expressions such as "Repurchase Date", "Repurchase Price", "margin", "Net Margin", "Margin Ratio" and "substitution", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.
- (g) Time shall be of the essence in this Agreement.
- (h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.
- (i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.
- (j) If the parties have specified in Annex I that this paragraph 6(j) shall apply, each obligation of a party under this Agreement (the "first party") (other than an obligation arising under paragraph 10) is subject to the condition precedent that none of the events specified in paragraph 10(a) (Events of Default) shall have occurred and be continuing with respect to the other party.

7. Contractual Currency

- (a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(d)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the



Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.

- (b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.
- (c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

- (a) A Transaction may at any time between the Purchase Date and Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).
- (b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.
- (c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.
- (d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time at which the exchange is agreed at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through

that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that -

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;
- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction -
 - (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;
 - (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks; and



- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien (other than a lien granted to the operator of the clearance system through which the Securities are transferred), claim, charge or encumbrance.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

- (a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer -
- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date; or
 - (ii) if the parties have specified in Annex I that this sub-paragraph shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, in either case within the standard settlement time for delivery of the Securities concerned; or
 - (iii) Seller or Buyer fails to pay when due any sum payable under sub-paragraph (h) or (i) below; or
 - (iv) Seller or Buyer fails to:
 - (A) make a Margin Transfer within the minimum period in accordance with paragraph 4(g) or, in the case of an obligation to deliver Equivalent Margin Securities, either to deliver the relevant Equivalent Margin Securities or to pay Cash Margin in accordance with paragraph 4(h)(i) or to pay the Cash Equivalent Amount in accordance with paragraph 4(h)(ii);
 - (B) where paragraph 4(i) applies, to provide margin in accordance with that paragraph; or
 - (C) to pay any amount or to transfer any Securities in accordance with paragraphs 4(k) or (l); or
 - (v) Seller or Buyer fails to comply with paragraph 5; or
 - (vi) an Act of Insolvency occurs with respect to Seller or Buyer; or

- (vii) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated; or
- (viii) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder or in respect of any Transaction; or
- (ix) Seller or Buyer being declared in default or being suspended or expelled from membership of or participation in, any securities exchange or suspended or prohibited from dealing in securities by any Competent Authority, in each case on the grounds that it has failed to meet any requirements relating to financial resources or credit rating; or
- (x) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so,

then sub-paragraphs (b) to (g) below shall apply.

- (b) If at any time an Event of Default has occurred and is continuing the non-Defaulting Party may, by not more than 20 days' notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in Annex I with respect to the Defaulting Party, then an Early Termination Date in respect of all outstanding Transactions will occur at the time immediately preceding the occurrence with respect to the Defaulting Party of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party.
- (c) If an Early Termination Date occurs, the Repurchase Date for each Transaction hereunder shall be deemed to occur on the Early Termination Date and, subject to the following provisions, all Cash Margin (including interest accrued) shall be repayable and Equivalent Margin Securities shall be deliverable and Cash Equivalent Amounts shall be payable, in each case on the Early Termination Date (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities, the repayment of any Cash Margin and the payment of Cash Equivalent Amounts shall be effected only in accordance with the provisions of sub-paragraph (d) below).
- (d) (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices and Cash Equivalent Amounts to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Early Termination Date;



- (ii) on the basis of the sums so established, an account shall be taken (as at the Early Termination Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor and including amounts payable under paragraphs 10(g) and 12) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing). For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate; and
 - (iii) as soon as reasonably practicable after effecting the calculation above, the non-Defaulting Party shall provide to the Defaulting Party a statement showing in reasonable detail such calculations and specifying the balance payable by one party to the other and such balance shall be due and payable on the Business Day following the date of such statement provided that, to the extent permitted by applicable law, interest shall accrue on such amount on a 360 day, 365 day or other day basis in accordance with the applicable market convention (or as otherwise agreed by the parties), for the actual number of days during the period from and including the Early Termination Date, but excluding, the date of payment.
- (e) For the purposes of this Agreement, the "Default Market Value" of any Equivalent Securities or Equivalent Margin Securities shall be determined by the non-Defaulting Party on or as soon as reasonably practicable after the Early Termination Date in accordance with sub-paragraph (f) below, and for this purpose –
- (i) the "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party;
 - (ii) "Deliverable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered by the Defaulting Party;
 - (iii) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources (including trading prices) and methods (which may include, without limitation, available prices for Securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Equivalent Margin Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs which would be incurred or reasonably anticipated in connection with the purchase or sale of such Securities;

- (iv) "Receivable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered to the Defaulting Party; and
 - (v) "Transaction Costs" in relation to any transaction contemplated in paragraph 10(e) or (f) means the reasonable costs, commissions, fees and expenses (including any mark-up or mark-down or premium paid for guaranteed delivery) incurred or reasonably anticipated in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction.
- (f) If -
- (i) on or about the Early Termination Date the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities (regardless as to whether or not such sales or purchases have settled), the non-Defaulting Party may elect to treat as the Default Market Value -
 - (A) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, commissions, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may, acting in good faith, either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Margin Securities actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(f)); or
 - (B) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, commissions, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may, acting in good faith, either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Margin Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market



Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(f);

- (ii) on or about the Early Termination Date the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size, using pricing methodology which is customary for the relevant type of security (as determined by the non-Defaulting Party) the non-Defaulting Party may elect to treat as the Default Market Value of such Securities -
 - (A) the price quoted (or where a price is quoted by two or more market makers, the arithmetic mean of such prices) by each of them for, in the case of Deliverable Securities, the sale by the relevant market maker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities provided that such price or prices quoted may be adjusted in a commercially reasonable manner by the non-Defaulting Party (x) to reflect accrued but unpaid coupons not reflected in the price or prices quoted in respect of such securities and (y) in respect of any Pool Factor Affected Security, to reflect the realisable value of such Security, taking into consideration the Pool Factor Distortion (and for this purpose, "Pool Factor Affected Security" means a security other than an equity security in respect of which the decimal value of the outstanding principal divided by the original principal balance of such Security is less than one (as indicated by any pool factor applicable to such security), such circumstance a "Pool Factor Distortion");
 - (B) after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities the Transaction Costs which would be incurred or reasonably anticipated in connection with such a transaction; or
- (iii) if, acting in good faith, the non-Defaulting Party either –
 - (A) has endeavoured but been unable to sell or purchase Securities in accordance with sub-paragraph (i) above or to obtain quotations in accordance with sub-paragraph (ii) above (or both); or
 - (B) has determined that it would not be commercially reasonable to sell or purchase Securities at the prices bid or offered or to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under sub-paragraph (ii) above,

the non-Defaulting Party may determine the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and may treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities.

- (g) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable and legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at the Applicable Rate or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than the Applicable Rate.
- (h) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may –
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
 - (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- (i) If Buyer fails to deliver some or all Equivalent Securities to Seller on the applicable Repurchase Date Seller may –
 - (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction or part of that Transaction corresponding to the Equivalent Securities that have not been delivered (but only that Transaction or part of Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin, delivery of Equivalent Margin Securities and payment of Cash Equivalent Amount and as if references to the Repurchase Date were to the date on which notice was given under this sub-paragraph).
- (j) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.



- (k) Subject to paragraph 10(l), neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (l) (i) Subject to sub-paragraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase Date or a Forward Transaction terminating before its Purchase Date under paragraphs 10(b), 10(h)(iii) or 10(i)(iii), the non-Defaulting Party, in the case of paragraph 10(b), Buyer, in the case of paragraph 10(h)(iii), or Seller, in the case of paragraph 10(i)(iii), (in each case the "first party") incurs any loss or expense in entering into replacement transactions or in otherwise hedging its exposure arising in connection with a Transaction so terminating, the other party shall be required to pay to the first party the amount determined by the first party in good faith and without double counting to be equal to the loss or expense incurred in connection with such replacement transactions or hedging (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transactions or hedging; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (m) Each party shall immediately notify the other if an Event of Default, or an event which, upon the service of a notice or the lapse of time, or both, would be an Event of Default, occurs in relation to it.
- (n) Any amount payable to one party (the Payee) by the other party (the Payer) under paragraph 10(d) may, at the option of the non-Defaulting Party, be reduced by its set off against any amount payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement between the Payee and the Payer or instrument or undertaking issued or executed by one party to, or in favour of, the other party. If an obligation is unascertained, the non-Defaulting Party may in good faith estimate that obligation and set off in respect of the estimate, subject to accounting the other party when the obligation ascertained, the non-Defaulting Party may in good faith estimate that obligation and set off in respect of the estimate, subject to accounting to the other party when the obligation is ascertained. Nothing in this paragraph shall be effective to create a charge or other security interest. This paragraph

shall be without prejudice and in addition to any right of set off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

11. Tax Event

- (a) This paragraph shall apply if either party notifies the other that –
- (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
 - (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax),
- has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.
- (b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.
- (c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.
- (d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.
- (e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.
- (f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.



12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on the unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and Applicable Rate on a 360 day basis or 365 day basis in accordance with the applicable market convention (or as otherwise agreed by the parties), for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

14. Notices and Other Communications

- (a) Any notice or other communication to be given under this Agreement –
 - (i) shall be in the English language, and except where expressly otherwise provided in this Agreement, shall be in writing;
 - (ii) may be given in any manner described in sub-paragraphs (b) and (c) below;
 - (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex I.
- (b) Subject to sub-paragraph (c) below, any such notice or other communication shall be effective –
 - (i) if in writing and delivered in person or by courier, on the date when it is delivered;
 - (ii) if sent by facsimile transmission, on the date when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
 - (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date when that mail is delivered or its delivery is attempted; or

- (iv) if sent by Electronic Messaging System, on the date that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

(c) If –

- (i) there occurs in relation to either party an Event of Default; and
- (ii) the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (iv) above, has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party),

the non-Defaulting Party may sign a written notice (a "Special Default Notice") which -

- (A) specifies the relevant event referred to in paragraph 10(a) which has occurred in relation to the Defaulting Party;
- (B) specifies the Early Termination Date designated in the Default Notice;
- (C) states that the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (iv) above, has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party); and
- (D) specifies the date on which, and the time at which, the Special Default Notice is signed by the non-Defaulting Party.

On the signature of a Special Default Notice the Early Termination Date shall occur as designated in the Default Notice. A Special Default Notice shall be given to the Defaulting Party as soon as practicable after it is signed.

- (d) Either party may by notice to the other change the address or facsimile number or Electronic Messaging System details at which notices or other communications are to be given to it.

15. **Entire Agreement; Severability**

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein



shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

- (a) Subject to sub-paragraph (b) below, neither party may assign, charge or otherwise deal with (including without limitation any dealing with any interest in or the creation of any interest in) its rights or obligations under this Agreement or under any Transaction without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
- (b) Sub-paragraph (a) above shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (g) above.
- (c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.
- (d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.
- (e) The participation of any additional member State of the European Union in economic and monetary union after 1 January 1999 shall not have the effect of altering any term of the Agreement or any Transaction, nor give a party the right unilaterally to alter or terminate the Agreement or any Transaction.

17. Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, the laws of England.

The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Agreement including, without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes, Buyer and Seller hereby irrevocably submit to the jurisdiction of the English courts and waive any objection to the exercise of such jurisdiction.

Party A hereby appoints the person identified in Annex I as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England. If Party A fails to appoint such an agent, Party A agrees that Party B shall be entitled to appoint one on behalf of Party A at the expense of Party A.

Party B hereby appoints the person identified in Annex I as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England. If Party B fails to appoint such an agent, Party B agrees that Party A shall be entitled to appoint one on behalf of Party B at the expense of Party B.

Each party shall deliver to the other, within 30 days of the date of this Agreement in the case of the appointment of a person identified in Annex I or of the date of the appointment of the relevant agent in any other case, evidence of the acceptance by the agent appointed by it pursuant to this paragraph of such appointment.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of Immunity

Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

20. Recording

The parties agree that each may electronically record all telephone conversations between them.

21. Third Party Rights

No person shall have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999.



ING Bank Śląski S.A.

By _____
Title _____
Date _____

By _____
Title _____
Date _____

The State of the Czech Republic acting
through the Ministry of Finance of the Czech
Republic

By _____
Title _____
Date _____

By _____
Title _____
Date _____



Securities Industry and Financial Markets Association
New York • Washington
www.sifma.org



ICMA

International Capital Market Association

International Capital Market Association
Talacker 29, 8001 Zurich, Switzerland
www.icmagroup.org

GLOBAL MASTER REPURCHASE AGREEMENT (2011 VERSION)

BUY/SELL BACK ANNEX

Supplemental terms and conditions for Buy/Sell Back Transactions

This Annex constitutes an Annex to the Global Master Repurchase Agreement dated 26 March 2021 _____ between

ING Bank Śląski S.A.

and

The State of the Czech Republic acting through the Ministry of Finance of the Czech Republic _____ (the "Agreement").

1. Scope

- (a) The parties have agreed that the Transactions to which this Agreement applies may include Buy/Sell Transactions.
- (b) In relation to Buy/Sell Back Transactions, the Agreement shall be construed as if it had been amended and supplemented as set out in paragraphs 3 to 5 of this Annex.

2. Interpretation

- (a) In this Annex -
 - (i) "Accrued Interest", with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the issue date or the last Income Payment Date (whichever is the later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income Payment Date (as the case may be) to (but excluding) the next Income Payment Date or the maturity date (whichever is the earlier);

- (ii) "Sell Back Differential", with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction (on a 360 day, 365 day or other day basis in accordance with the applicable market convention, unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of calculation;
- (iii) "Sell Back Price", with respect to any Buy/Sell Back Transaction, means -
 - (x) in relation to the date originally specified by the parties as the Repurchase Date pursuant to paragraph 3(b)(iii) of the Agreement, the price agreed by the Parties in relation to that Buy/Sell Back Transaction, and
 - (y) in any other case (including for the purposes of the application of paragraph 4 (Margin Maintenance) or paragraph 10 (Events of Default) of the Agreement), the product of the formula $(P + AI + D) - (IR + C)$, where -
 - P = the Purchase Price
 - AI = the amount, equal to Accrued Interest at the Purchase Date, paid under paragraph 3(f) of this Annex
 - D = the Sell Back Differential
 - IR = the amount of any income in respect of the Purchased Securities payable by the issuer on or, in the case of registered Securities, by reference to, any date falling between the Purchase Date and the Repurchase Date or the Early Termination Date, as the case may be
 - C = the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to any such Income from (and including) the date of payment by the issuer to (but excluding) the date of calculation
- (b) References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".
- (c) In paragraph 10(d)(i) of the Agreement (relating to Events of Default), the reference to the "Repurchase Prices" shall be construed as a reference to "Repurchase Prices and Sell Back Prices".

- (d) In the event of any conflict between the terms of this Annex III and any other term of the Agreement, the terms in this Annex shall prevail.

3. Initiation; Confirmation; Termination

- (a) Each Transaction shall be identified at the time it is entered into and in the Confirmation relating to it as either a Repurchase Transaction or a Buy/Sell Back Transaction.
- (b) In the case of a Buy/Sell Back Transaction the Confirmation delivered in accordance with paragraph 3 of the Agreement may consist of a single document in respect of both of the transactions which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transaction. Such Confirmations may be in the form of Annex II to the Agreement except that, subject to sub-paragraph (c) below, such Confirmations shall not include the item specified in paragraph 10 of Annex II.
- (c) When entering into a Buy/Sell Back Transaction the parties shall also agree the Sell Back Price and the Pricing Rate to apply in relation to that Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to that Buy/Sell Back Transaction.
- (d) Buy/Sell Back Transactions shall not be terminable on demand.
- (e) In the case of a Buy/Sell Back Transaction, the Purchase Price shall be quoted exclusive of Accrued Interest to the Purchase Date on the Purchased Securities and the Sell Back Price shall be quoted exclusive of Accrued Interest.
- (f) For the purposes of paragraph 3(c) of the Agreement, in the case of a Buy/Sell Back Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the payment of the Purchase Price plus an amount equal to Accrued Interest to the Purchase Date on such Purchased Securities.
- (g) In the case of a Buy/Sell Back Transaction, paragraph 3(f) of the Agreement shall not apply. Termination of such a Transaction will be effected on the Repurchase Date by transfer to Seller or its agent of Equivalent Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally scheduled by the parties pursuant to paragraph 3(b)(iii) of the Agreement, the Sell Back Price referred to in paragraph 2(iii)(x) of this Annex plus an amount equal to Accrued Interest to the Repurchase Date; and (ii) in any other case, the Sell Back Price referred to in paragraph 2(iii)(y) of this Annex.

4. Margin maintenance: "repricing"

If the parties agree that a Buy/Sell Back Transaction is to be repriced in accordance with paragraph 4(i) of the Agreement, they shall at the time of such repricing agree the Purchase Price, the Sell Back Price and the Pricing Rate applicable to the Repriced Transaction.

5. Income Payments

Paragraph 5 of the Agreement (relating to Income payments) shall not apply to Buy/Sell Back Transactions.



ANNEX I
Supplemental Terms or Conditions to the
2011 version Global Master Repurchase Agreement
dated as of 26 March 2021
between

ING Bank Śląski S.A.
("Party A")

and

The State of the Czech Republic acting through the Ministry of Finance of the
Czech Republic
("Party B")

Paragraph references are to paragraphs in this Agreement. Part references are to Parts in this Annex I.

Part 1. The following elections shall apply:

- (a) ***Buy/Sell Back Transactions (paragraph 1(c)(i)).*** Buy/Sell Back Transactions may be effected under this Agreement, and, accordingly, the Buy/Sell Back Annex (as attached) shall apply.
- (b) ***Net Paying Securities (paragraph 1(c)(ii)).*** Transactions in Net Paying Securities may not be effected under this Agreement, and, accordingly, the following provisions shall not apply.
 - (i) The phrase "other than equities and Net Paying Securities" shall be replaced by the phrase "other than equities".
 - (ii) In the Buy/Sell Back Annex the following words shall be added to the end of the definition of the expression "IR": "and for the avoidance of doubt the reference to the amount of Income for these purposes shall be to an amount paid without withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction".

- (c) **Agency Transactions (paragraph 2(b)).** Agency Transactions may not be effected under this Agreement, and, accordingly, the Agency Annex shall not apply.
- (d) **Country and product annexes (paragraph 1).** The following Annexes shall apply in respect of specified Transactions:
- (i) gilt-edged securities (as defined in the Gilts Annex) may not be effected under this Agreement, and, accordingly, the Gilts Annex shall not apply;
 - (ii) Japanese Securities (as defined in the Japanese Securities Annex) may not be effected under this Agreement, and, accordingly, the Japanese Securities Annex shall not apply, provided that (A) all references to paragraphs 2(a)(iv), 2(t) and 2(ff) of this Agreement in the Japanese Securities Annex shall be deemed to be references to paragraphs 2(a)(v), 2(v) and 2(hh) of this Agreement respectively and (B) the reference to the “TBMA/ISMA Global Master Repurchase Agreement (2000 Version)” shall be deemed to be a reference to the “2011 version Global Master Repurchase Agreement”;
 - (iii) transactions in equities (as defined in the Equities Annex) may not be effected under this Agreement, and accordingly, the Equities Annex shall not apply;
 - (iv) Canadian securities may not be effected under this Agreement, and, accordingly, the Canadian Annex shall not apply; and
 - (v) Italian Domestic Purchased Securities (as defined in the Italian Annex) may not be effected under this Agreement, and, accordingly, the Italian Annex shall not apply,
- (e) **Base Currency (paragraph 2(e)).** The Base Currency shall be:
- (i) for the purposes of paragraph 4 hereof, Euro;
 - (ii) for the purposes of paragraph 10 hereof, the currency selected by the non-Defaulting Party provided, however, that the currency shall be one of the

currencies in which payments are required to be made by the Confirmation; and provided further that if any such currency is not freely available, payments will be made in Euro.

- (f) **Designated Offices (paragraph 2(p)).** The parties' Designated Offices:

Party A's Designated Office:

Warsaw, Poland

Party B's Designated Offices:

The Czech Republic – The Ministry of Finance
Debt and Financial Assets Management Department
Letenská 15
118 10 Praha 1

- (g) **Pricing source (paragraph 2(ee)).** The pricing source for the calculation of Market Value shall be as follows:

(i) The generally recognised pricing source agreed to by the parties for the calculation of Market Value shall be any of the following: Bloomberg, FT Interactive, Markit or Street Software.

(ii) The words “at such time on such date” in the third line of paragraph 2(ee) shall be deleted and replaced by the following: “at close of business on the previous Business Day” and the word “bid/mid” shall be added immediately before the word “price” in the first and ninth lines of paragraph 2(ee).

- (h) **Spot Rate (paragraph 2(ss)).** Spot Rate to be: Reuters at the close of business on the previous Business Day and, if Reuters is not available, another generally accepted pricing source agreed between the parties.

- (i) **Transaction Exposure (Paragraph 2(xx)).** Transaction Exposure method B.

- (j) **Confirmations (paragraph 3(b)).** Party A and Party B to deliver Confirmation.

- (k) **Interest on Cash Margin (paragraph 4(f)).**

For Euros:

From the date above first written to the Rate Transfer Date (as defined below), EONIA as calculated by the European Central Bank and appearing on Bloomberg Generic screen page EBF (or any succeeding Page) on the first following TARGET Settlement Day.

From the Rate Transfer Date onwards, €STR (Euro Short Term Rate) as calculated by the European Central Bank and appearing on Bloomberg Generic screen page ESTRON (or any succeeding Page) on the first following TARGET Settlement Day.

“Rate Transfer Date” means the date agreed between the parties to change the rate for Euros.

“TARGET Settlement Day” means a day on which TARGET operates.

For United States Dollars:

Overnight Bank Funding Rate on Bloomberg screen page OBFRL01 (or any succeeding Page).

Provided that (i) if, at any time, the interest rate in respect of a currency for which Cash Margin received by a party (“X”) from the other party (“Y”) is negative, and the amount of interest in respect of Cash Margin denominated in such currency is a negative amount (the “Negative Interest Amount”), Y will transfer to X the absolute value of the related Negative Interest Amount (determined by X) not later than the timing specified below for the transfer of interest on Cash Margin and (ii) if for any reason the above sources or rates should be unavailable the interest rate shall be reasonably determined by Party A.

Interest on Cash Margin will be credited on or before the third Business Day following the end of each calendar month.

(j) ***Delivery period (paragraph 4(g)).*** Delivery period for margin calls:

Cash Margin: same Business Day provided that notice is received prior to 1:00 p.m. CET; if notice is not received prior to 1:00 p.m. CET, Cash Margin will be delivered on the following Business Day.

(k) ***Flawed asset provision (paragraph 6(j)).*** Paragraph 6(j) shall apply.

(l) ***Settlement failures (paragraph 10(a)(ii)).*** Paragraph 10(a)(ii) shall apply.

(m) **Automatic Early Termination (paragraph 10(b)).** Automatic Early Termination shall not apply with respect to Party A and Party B.

(n) **Notices (paragraph 14).** For the purposes of paragraph 14 of this Agreement:

(i) **Party A:**

For all purposes (including, without limitation, for the purposes of notices under Paragraph 10 and Confirmation), address for notices and other communications for Party A:

ING Bank Śląski S.A.

Address: ul. Puławska 2

PL-02-566 Warszawa

Poland

Telephone:

Facsimile:

e-mail:

SWIFT:

For margin calls:

ING Bank Śląski S.A.

Address: ul. Puławska 2

PL-02-566 Warszawa

Poland

Telephone:

Facsimile:

E-mail:

(ii) **Party B:**

The Czech Republic - The Ministry of Finance

Letenská 15

118 10 Praha 1

Czech Republic

Attn: Debt and Financial Assets Management Department

Tel:

Fax:

Electronic Messaging System

(o) **Process agent (paragraph 17).** For the purposes of paragraph 17 of this Agreement:

(i) Party A appoints as its agent for service of process:

ING Bank N.V., London Branch

Head of Legal

8-10 Moorgate

London

EC2R 6DA

Telephone:

Fax:

(ii) Party B appoints as its agent for service of process:

Consular Department of the Embassy of the Czech Republic, 26-30 Kensington
Palace Gardens, London W8 4QY.

2. The following Supplemental Terms and Conditions shall apply:

Pursuant to the terms of paragraph 1 of the Agreement, Buyer and Seller agree to be governed by the Supplemental Terms and Conditions stated herein. To the extent that any provisions in these Supplemental Terms and Conditions are in conflict with provisions contained in the Agreement, the provisions of these Supplemental Terms and Conditions shall prevail.

(a) Existing Transactions

This Agreement supersedes all prior agreements or arrangements between Party A and Party B relating to the subject matter of this Agreement; all repurchase or buy/sell back transactions entered into between Party A and Party B prior to the date of this Agreement which are outstanding at the date of this Agreement are hereby deemed, from the date of this Agreement, to be entered into pursuant to this Agreement and shall from such date be governed by its terms, unless the parties specifically agree otherwise in relation to any individual outstanding Transactions.

(b) Negative rate transactions

In the case of Transactions in which the Pricing Rate will be negative, the parties agree that if Seller fails to deliver the Purchased Securities on the Purchase Date then:

- (i) Buyer may, by notice to Seller, terminate the Transaction (and may continue to do so for every day that Seller fails to deliver the Purchased Securities); and
- (ii) For every day that Seller fails to deliver the Purchased Securities, the Pricing Rate shall be zero.

(c) Forward Transactions

The parties agree that Forward Transactions (as defined in sub-paragraph (i)(A) below) may be effected under this Agreement and accordingly the provisions of sub-paragraphs (i) to (iv) shall apply.

- (i) The following definitions shall apply:

(A) “Forward Transaction”, a transaction in respect of which the Purchase Date is at least three Business Days after the date on which the Transaction was entered into and has not yet occurred;

(B) “Forward Repricing Date”, with respect to any Forward Transaction the date which is such number of Business Days before the Purchase Date as is equal to the minimum period for the delivery of margin applicable under paragraph 4(g).

- (ii) The Confirmation relating to any Forward Transaction may describe the Purchased Securities by reference to a type or class of Securities, which, without limitation, may be identified by issuer or class of issuers and a maturity or range of maturities. Where this paragraph applies, the parties shall agree the actual Purchased Securities not less than two Business Days before the Purchase Date and Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation which shall describe such Purchased Securities.

- (iii) At any time between the Forward Repricing Date and the Purchase Date for any Forward Transaction the parties may agree either –

(A) to adjust the Purchase Price under that Forward Transaction; or

(B) to adjust the number of Purchased Securities to be sold by Seller to Buyer under that Forward Transaction.

- (iv) Where the parties agree to an adjustment under paragraph (iii) above, Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party a Confirmation of the Forward Transaction, as adjusted under paragraph (iii) above.

(d) Transaction Exposure

Where the parties agree that this paragraph shall apply, paragraphs 2 and 4 of the Agreement are amended as follows.

- (i) Paragraph 2(xx) is deleted and replaced by the following -

“(xx) “Transaction Exposure” means –

- (i) with respect to any Forward Transaction at any time between the Forward Repricing Date and the Purchase Date, the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Purchase Price.
- (ii) With respect to any Transaction at any time during the period (if any) from the Purchase Date to the date on which the Purchased Securities are delivered to Buyer or, if earlier, the date on which the Transaction is terminated under paragraph 10(h), the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Repurchase Price at the relevant time.
- (iii) With respect to any Transaction at any time during the period from the Purchase Date (or, if later, the date on which the Purchased Securities are delivered to Buyer or the Transaction is terminated under paragraph 10(h)) to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(i)), the methodology specified under paragraph 1(i) of Annex I shall apply.

In the case of (i) and (ii), if (A) is greater than (B), Buyer has a Transaction Exposure for that Transaction equal to the excess, and if (B) is greater than (A), Seller has a Transaction Exposure to Buyer equal to the excess.”

- (ii) In paragraph 4(c) -

(aa) the words “any amount payable to the first party under paragraph 5 but unpaid” are deleted and replaced by “any amount which will become payable to the first party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the first party under paragraph 5 but unpaid”; and

(bb) the words “any amount payable to the other party under paragraph 5 but unpaid” are deleted and replaced by “any amount which will become payable to the other party under paragraph 5 during the period after the time at which the calculation is made which is equal to the minimum period for the delivery of margin applicable under paragraph 4(g) or which is payable to the other party under paragraph 5 but unpaid.”

(e) Margin Transfer

(i) Neither party may require a Margin Transfer to it under this Agreement if the Net Exposure of a party in respect of the other party is less than EUR 250,000 (or its equivalent in a relevant currency).

(ii) Notwithstanding paragraph 2(d)(ii) (Transaction Exposure) above, (c) and (d) of paragraph 4 of the Agreement (Margin Maintenance) shall be replaced by the following:

“(c) For the purposes of this Agreement:

A Margin Transfer in the form of cash (“Cash Margin”) shall be in Euro only.

(f) paragraph 10. Cross Default

The following sub-paragraphs shall be added to paragraph 10(a) after the end of sub-paragraph (x) thereof:

“or (xi) the occurrence or existence of

a default, event of default or other similar condition or event (however described) in respect of either party or under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of no less than the applicable Threshold Amount (as specified below) which

has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable, or;

a default by such party in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period),

The following definitions shall apply for the purposes of paragraph 10:

(i) “Specified Indebtedness”, means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money except that such term shall not include obligations in respect of deposits received in the ordinary course of business;

(ii) “Threshold Amount” means, with respect to Party A, an amount equal to 1% of its shareholders’ equity as of the end of its most recently completed fiscal year or its equivalent in any other currency and, with respect to Party B, an amount of 500.000.000. EUR (five hundred million EUR).

(g) Signing Authority

Each party shall deliver to the other evidence of signing authority upon executing the Agreement.

(h) ING Financial Markets LLC

Party A may enter into Transactions hereunder through its authorised agent, ING Financial Markets LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission (“LLC”).

LLC is acting in connection with the Transactions hereunder solely in its capacity as agent for Party A (pursuant to instructions from Party A) and not for its own account. LLC shall have no responsibility or personal liability except for its own gross negligence or wilful misconduct. Party A and Party B agree to proceed solely against the other to collect or recover any amounts owing to it or enforce any of its rights in connection with or as a result of Transactions hereunder.

The parties acknowledge that this Agreement shall not govern any repurchase and/or buy/sell back transaction between LLC, acting in its individual capacity, and Party B.

(i) Place of Incorporation

Party A confirms that it is incorporated under the laws of Poland

Party B confirms that it is incorporated under the laws of the Czech Republic.

(j) FATCA Provisions:

Paragraphs 2, 5, 6 and 10 shall be amended as follows.

- (i) Paragraph 2 shall be amended with new definitions inserted in the appropriate alphabetical order with remaining definitions renumbered as appropriate:

“Code”, the United States of America Internal Revenue Code of 1986, as amended; and

“FATCA”, Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code;

- (ii) The definition of “Equivalent Securities” in paragraph 2(u) shall be reworded as follows:

“Equivalent Securities”, with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption (other than Distributions), without taking into account any deduction or withholding imposed or collected in connection with FATCA that would not have been imposed but for Buyer's non-compliance with FATCA.

- (iii) Paragraph 5 shall be reworded as follows:

5. Income Payment

Unless otherwise agreed -

- (a) where: (i) the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction; or (ii) an Income Payment Date in respect of any such Securities occurs after the Repurchase Date but before Equivalent Securities have been delivered to Seller, or, if earlier, the occurrence of an Early Termination Date or the termination of the Transaction under paragraph 10(i) then Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (b) where Margin Securities are transferred from one party (“the first party”) to the other party (“the second party”) and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred or a Cash Equivalent Amount is paid by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer,

and for the avoidance of doubt references in this paragraph to the amount of Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to a withholding or deduction, except, where a withholding or deduction for or on account of taxes or duties has been imposed under FATCA, to the extent an equivalent or greater amount of withholding or deduction for or on account of taxes or duties would have been imposed under FATCA in respect of Income paid by the issuer on such Securities (or Margin Securities, as applicable) had the Seller (or the first party, as applicable) retained the Securities (or the Margin Securities, as applicable).

- (iv) Paragraph 6(b) shall be reworded as follows:

- (b) (i) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the

paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted. For the avoidance of doubt, the reference to “law” in this paragraph includes FATCA. However, no additional amounts shall be payable by the paying party to the other party under this sub-paragraph (b)(i) to the extent that such tax is imposed or collected under FATCA.

(ii) If the paying party is required to make a withholding or deduction under FATCA but does not so withhold or deduct, and a liability resulting from such tax is assessed directly against the paying party, then, except to the extent the other party has satisfied or then satisfies the liability resulting from such tax, the other party will promptly pay to the paying party the amount of such liability (including any related liability for interest, but including any related liability for penalties only to the extent provided in sub-paragraph b(iii)). No payment under this sub-paragraph (b)(ii) is required to be made to the extent that the relevant liability arises from any gross negligence or wilful misconduct of the paying party.

(iii) The amount of related liability for penalties shall only be payable to the paying party under sub-paragraph (b)(ii) where such penalties become due because the other party has failed to provide appropriate US tax forms.

(v) The following shall be added as new paragraphs 6(k) and (l):

(k) If at any time a party (the “first party”) is required to remit an amount of tax to the IRS with respect to a payment under a Transaction in connection with FATCA, then without duplication of any amount the first party has deducted on account of such tax from any amount previously paid to the other party (the “second party”) pursuant to the Transaction, the second party shall be required to pay to the first party an amount equal to that amount of tax on the payment date on which a payment giving rise to remittance required under FATCA occurs. Upon the reasonable request of the second party with respect to any payment date, the first party will supply to the second party computations setting

forth in reasonable detail the amount payable on such payment date pursuant to the preceding sentence.

- (l) For the avoidance of doubt, the imposition of any withholding or deduction pursuant to or on account of FATCA on any amounts paid or received under a Transaction shall not be treated as an Event of Default under paragraph 10 or as a material adverse effect that could cause a Tax Event under paragraph 11, even if such imposition results in either party receiving amounts that differ materially from the amount that the party would have otherwise received if no such withholding or deduction were imposed.
- (vi) Paragraph 10 shall be amended by the addition of a new sub-paragraph 10(f)(iv) as follows:
 - (iv) The Default Market Value determined pursuant to sub-paragraphs (i), (ii) or (iii) above shall not take into account any deduction or withholding imposed or collected (or that would be imposed or collected) in connection with FATCA that would not be imposed but for the non-Defaulting Party's non-compliance with FATCA.
- (j) **Title transfer financial collateral arrangements and regulatory transparency obligations.**

Each party acknowledges the risks and consequences that may be involved in transferring any right, title and interest in Margin Securities under this Agreement as set out in Exhibit I to this Annex I.

(k) **Default Interest.**

Paragraph 12 of the Agreement is deleted in its entirety and replaced with the following:

“12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, the interest shall accrue on the unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and Applicable Rate (such rate being the “**Relevant Rate**”) on a 360 day basis or 365 day basis in accordance with the applicable market

convention (or as otherwise agreed by the parties), for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment, provided that for purposes of this clause only, if the Relevant Rate is less than zero, it will be deemed to be zero.”

(l) Data Protection

For the purposes of this provision, the terms “controller”, “personal data” and “processing” shall have the meaning given to them in the General Data Protection Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

The parties agree that, where Party A determines the means or purposes of the processing of personal data, it is a controller with respect to the personal data disclosed, provided or otherwise made available to Party A by Party B in relation to the arrangement contemplated by these terms.

Details of Party A’s processing activities of personal data can be found in its Privacy Statement, which is available at [\[REDACTED\]](#)

Party B agrees that it has established rights necessary to provide personal data to Party A and that it will provide any requisite notice to individuals and ensure that there is a proper legal basis for Party A to process the personal data as described in and for the purposes detailed in Party A’s Privacy Statement.”

(m) Bail-in Article 55 BRRD – Poland and Stay in Resolution.

Each party acknowledges and accepts that any liability of Party B to Party A and any liability of Party A to Party B under or in connection with this Agreement may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(i) any Bail-In Action in relation to any such liability, including (without limitation):

(A) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(B) a conversion of all, or part of, any such liability into shares or other

instruments of ownership that may be issued to, or conferred on, it; and
(C) a cancellation of any such liability;
(D) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period and

- (ii) a variation of any term of this Agreement to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

Party B irrevocably and unconditionally acknowledges, consents, accepts and agrees that the occurrence, existence or continuation of a Resolution Event does not:

- (i) entitle Party B, directly or indirectly, whether pursuant to a default clause, a cross-default clause, a guarantee or otherwise, to exercise any termination, suspension, modification, netting or set-off or similar rights; or obtain possession, exercise control or enforce any security over any property of Party A; under or in relation to the Agreement between Party A and that Party B; or
- (ii) adversely affect the rights and remedies of Party A under the Agreement between Party A and Party B, unless the Resolution Legislation explicitly provides otherwise.

Party B shall promptly take all action that is necessary or in the opinion of Party A or any Resolution Authority desirable in connection with this clause, the exercise of any Resolution Powers by any Resolution Authority, or the occurrence, existence or continuation of any Resolution Event.

Notwithstanding any other term, condition or clause in the Agreement or other understanding between Party A and Party B, Party B irrevocably and unconditionally acknowledges, accepts, consents and agrees that this paragraph prevails and may be enforced by any Resolution Authority.

For the purposes of this provision:

“Bail-In Action” means the exercise of any Resolution Powers.

“Bail-In Legislation” means the **“BRRD Implementation Act”** as such act has been incorporated in amongst others the Polish Act of 10 June 2016 on the Bank Guarantee

Fund, Deposit Guarantee Scheme and Resolution (*Ustawa z dnia 10 czerwca 2016 r. o Bankowym Funduszu Gwarancyjnym, systemie gwarantowania depozytów oraz przymusowej restrukturyzacji*)) and any other law or regulation applicable in Poland relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

“BRRD” means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“Resolution Authority” means any entity which has authority to exercise any Resolution Powers.

“Resolution Event” means any of the following:

- (a) the exercise by a Resolution Authority of any or more Resolution Powers in relation to Party A;
- (b) any other action taken by a Resolution Authority based on or taken in connection with Resolution Legislation in relation to Party A, including, without limitation, any request by the Resolution Authority to Party A to take any action;
- (c) any action taken by Party A in connection with the events referred to under (a) or (b), including, without limitation, any action taken to comply with any request by the Resolution Authority referred to in paragraph (b) above; and
- (d) any event directly linked to any event as referred to in paragraphs (a), (b) or (c) above.

“Resolution Legislation” means any laws, regulations, rules, directives or requirements relating to the resolution or recovery of banks, banking group companies, credit institutions or investment firms applicable to Party A from time to time, including, without limitation, the BRRD and the SRM Regulation, both as amended from time to time, and any EU directive or regulation issued in replacement of or supplement to the same, and any laws, regulations, rules, directives or requirements implementing any of the foregoing.

“Resolution Powers” means any write-down or conversion power existing from time to time (including, without limitation, the power to make a reduction, including to zero, in the principal amount or outstanding amount due, including any accrued but unpaid interest, conversion, cancellation, amendment or suspension powers existing from time

to time, or to exercise any corresponding power, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period) under, and exercised in compliance with any laws, regulations, rules or requirements (together, the “**Polish Regulations**”) in effect in Poland:

(a) relating to the transposition of the BRRD as amended from time to time, including but not limited to, the relevant provisions of the Act implementing the European framework for the recovery and resolution of banks and investment firms, the BRRD Implementation Act as such act has been incorporated in amongst others the Act of 10 June 2016 on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution (*Ustawa z dnia 10 czerwca 2016 r. o Bankowym Funduszu Gwarancyjnym, systemie gwarantowania depozytów oraz przymusowej restrukturyzacji*), both as amended from time to time, and the instruments, rules, standards, regulations and decrees created under the BRRD and the aforementioned acts, and

(b) constituting or relating to the SRM Regulation as amended from time to time, in each case, pursuant to which the liabilities of a regulated entity (or affiliate of such regulated entity, or other entity to which such liabilities have been transferred pursuant to a resolution measure) can be reduced (including to zero), cancelled, terminated, amended or converted into common equity tier 1 instruments (such as ordinary shares) or other instruments of ownership of such regulated entity or other person.

A reference to a “**regulated entity**” is to any entity referred to in Article 2 of the SRM Regulation, both as amended from time to time, which includes, without limitation, certain credit institutions, certain investment firms and certain of their parent or holding companies.

“**SRM Regulation**” means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund amending Regulation (EU) No 1093/2010.

(l) An additional paragraph 30 shall be inserted as follows:

(n) Bail-in Article 55 BRRD – Czech Republic

Notwithstanding and to the exclusion of any other provision of this Agreement or any

other agreements, arrangements or understandings, in the event that Party B becomes subject to the exercise of Bail-in Powers under an applicable Bail-in Legislation, Party A acknowledges and accepts that a Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledges, accepts, and agrees to be bound by:

- (i) the effect of the exercise of such powers in relation to any Liability of Party B arising under this Agreement that (without limitation) may include and result in any of the following, or some combination thereof: (A) the reduction of all, or a portion, of such Liability; (B) the conversion of all, or a portion, of the such Liability into shares, other securities, or other obligations of Party B or another person (and the issue to or conferral on Party A of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Agreement; (C) the cancellation of such Liability; (D) the amendment or alteration of the amounts due in relation to such Liability, including any interest, if applicable, thereon, or the dates on which any payments are due, including by suspending payment for a temporary period; (E) the temporary suspension of termination rights and other contractual rights;
- (ii) the variation of the terms of this Agreement, if necessary, to give effect to the exercise of such powers.

For the purposes of this par. (q):

“Bail-in Legislation” means the laws, regulations, rules or requirements in effect in the Czech Republic (i) relating to the transposition of the BRRD, including but not limited to the Czech Act No. 374/2015 Coll., on Recovery and Resolution in the Financial Market (*Zákon o ozdravných postupech a řešení krize na finančním trhu*), as amended from time to time, or (ii) pursuant to, and in accordance with, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and uniform procedures for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and Single Resolution Fund, as amended from time to time, and (iii) the instruments, rules and standards created thereunder.

“Bail-in Powers” means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, applicable Bail-in Legislation, pursuant to which any obligation of Party B can be reduced, cancelled, modified, or converted into shares, other securities, or other

obligations of Party B or any other person (or suspended for a temporary period) or any right in a contract governing an obligation of Party B may be deemed to have been exercised.

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended from time to time.

“**Liability**” means any liability which is subject to the Bail-in Powers under and in accordance with the applicable Bail-in Legislation.

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any Bail-in Powers in relation to Party B.

- (a) In accordance with Article 15 of the Securities Financing Transactions Regulation 2015, each party confirms that it has been duly informed by the other party of the risks and consequences that may be involved in consenting to a right of use of financial instruments received as collateral under this Agreement as set out in Exhibit I.
- (b) The 2014 US Tax Addendum shall apply as set out below.

EXHIBIT I

Information Statement in accordance with Article 15 of the Securities Financing Transactions Regulation

This Information Statement is provided for information purposes only and does not amend or supersede the express terms of the Agreement, any Transaction or any rights or obligations you may have under applicable law, create any rights or obligations, or otherwise affect your or our liabilities and obligations.

Terms not otherwise defined in this Information Statement will have the meaning assigned to them in the Global Master Repurchase Agreement dated as of the date above first written (the “Agreement”).

1. Introduction

You have received this Information Statement because you have entered into or may hereafter enter into one or more title transfer collateral arrangements or security collateral arrangements containing a right of use (together, “**Collateral Arrangements**”) with us.

This Information Statement has been prepared to comply with Article 15 of the Securities Financing Transactions Regulation by informing you of the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a security collateral arrangement or of concluding a title transfer collateral arrangement (“**Re-use Risks and Consequences**”). The information required to be provided to you pursuant to Article 15 of the Securities Financing Transactions Regulation relates only to Re-use Risks and Consequences, and so this Information Statement does not address any other risks or consequences that may arise as a result of your particular circumstances or as a result of the terms of particular Transactions.

This Information Statement is not intended to be, and should not be relied upon as, legal, financial, tax, accounting or other advice. Unless otherwise expressly agreed in writing, we are not providing you with any such legal, financial, tax, accounting or other advice and you should consult your own advisors for advice on consenting to a right of use of collateral provided under a security collateral arrangement or on concluding a title transfer collateral arrangement, including the impact on your

business and the requirements of, and results of, entering into any Transaction.

Appendix 2 sets out an indicative (but not exhaustive) list of types of agreement that may constitute Collateral Arrangements.

Appendix 3 sets out alternative disclosures that are applicable if either party is (1) a U.S. broker-dealer or futures commission merchant or (2) a U.S. bank or U.S. branch or agency office of a non U.S. bank.

In this Information Statement:

- “we”, “our”, “ours” and “us” refer to the provider of this Information Statement that may conduct Transactions with you (or, where we are acting on behalf of another person, including where that person is an affiliate, that person);
- “you”, “your” and “yours” refer to each of the persons to which this Information Statement is delivered or addressed in connection with entering into, continuing, executing or agreeing upon the terms of Transactions with us (or, where you are acting on behalf of other persons, each of those persons);
- “right of use” means any right we have to use, in our own name and on our own account or the account of another counterparty, financial instruments received by us by way of collateral under a security collateral arrangement between you and us;
- “Securities Financing Transactions Regulation” means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (as amended from time to time);
- “Transaction” has the meaning given above in paragraph 1(b);
- “financial instruments”, “security collateral arrangement” and “title transfer collateral arrangement” have the meaning given to those terms in the

Securities Financing Transactions Regulation. These are set out in Appendix 1 for reference.

2. Re-use Risks and Consequences

a) Where you provide financial instruments to us under a title transfer collateral arrangement or if we exercise a right of use in relation to any financial instruments that you have provided to us by way of collateral under a security collateral arrangement containing a right of use, we draw your attention to the following Reuse Risks and Consequences:

- i. your rights, including any proprietary rights that you may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant Collateral Arrangement;
- ii. those financial instruments will not be held by us in accordance with client asset rules, and, if they had benefited from any client asset protection rights, those protection rights will not apply (for example, the financial instruments will not be segregated from our assets and will not be held subject to a trust);
- iii. in the event of our insolvency or default under the relevant agreement your claim against us for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant Collateral Arrangement and applicable law and, accordingly, you may not receive such equivalent financial instruments or recover the full value of the financial instruments (although your exposure may be reduced to the extent that you have liabilities to us which can be set off or netted against or discharged by reference to our obligation to deliver equivalent financial instruments to you);

iv. in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to us any rights you may have to take any action against us, such as to terminate our agreement, may be subject to a stay by the relevant resolution authority and:

- a) your claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity; or
- b) a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities

although you may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

- v. as a result of your ceasing to have a proprietary interest in those financial instruments you will not be entitled to exercise any voting, consent or similar rights attached to the financial instruments, and even if we have agreed to exercise voting, consent or similar rights attached to any equivalent financial instruments in accordance with your instructions or the relevant Collateral Arrangement entitles you to notify us that the equivalent financial instruments to be delivered by us to you should reflect your instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that we do not hold and are not able to readily obtain equivalent financial instruments, we may not be able to comply (subject to any other solution that may have been agreed between the parties);
- vi. in the event that we are not able to readily obtain equivalent financial instruments to deliver to you at the time required: you

- may be unable to fulfil your settlement obligations under a hedging or other transaction you have entered into in relation to those financial instruments; a counterparty, exchange or other person may exercise a right to buy-in the relevant financial instruments; and you may be unable to exercise rights or take other action in relation to those financial instruments;
- vii. subject to any express agreement between you and us, we will have no obligation to inform you of any corporate events or actions in relation to those financial instruments;
 - viii. you will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments, although the express written terms of the relevant Collateral Arrangement or Transaction may provide for you to receive or be credited with a payment by reference to such dividend, coupon or other payment (a “manufactured payment”);
 - ix. the provision of title transfer collateral to us, our exercise of a right of use in respect of any financial collateral provided to us by you and the delivery by us to you of equivalent financial instruments may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by you or by us for your account of those financial instruments;
 - x. where you receive or are credited with a manufactured payment, your tax treatment may differ from your tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.

b. Where we provide you with clearing services (whether directly as a clearing member or otherwise), we draw your attention to the following additional Re-use Risks and Consequences:

- i. if we are declared to be in default by an EU central counterparty (“**EU CCP**”) the EU CCP will try to transfer (“**port**”) your transactions and assets to another clearing broker or, if this cannot be achieved, the EU CCP will terminate your transactions;
- ii. in the event that other parties in the clearing structure default (e.g., a central counterparty, a custodian, settlement agent or any clearing broker that we may instruct) you may not receive all of your assets back and your rights may differ depending on the law of the country in which the party is incorporated (which may not necessarily be English law) and the specific protections that that party has put in place;
- iii. in some cases a central counterparty may benefit from legislation which protects actions it may take under its default rules in relation to a defaulting clearing member (e.g., to port transactions and related assets) from being challenged under relevant insolvency law.

Appendix 1

Defined terms for the purposes of the Securities Financing Transactions Regulation:

“financial instrument” means the instruments set out in Section C of Annex I to Directive 2014/65/EU on markets in financial instruments, and includes without limitation:

- 1) Transferable securities;
- 2) Money-market instruments;
- 3) Units in collective investment undertakings.

“title transfer collateral arrangement” means an arrangement, including repurchase agreements, under which a collateral provider transfers full ownership of financial collateral to a collateral taker for the purpose of securing or otherwise covering the performance of relevant financial obligations.

“security collateral arrangement” means an arrangement under which a collateral provider provides financial collateral by way of security in favour of, or to, a collateral taker, and where the full ownership of the financial collateral remains with the collateral provider when the security right is established.

Appendix 2

We have set out below examples of the types of agreements to which this Information Statement applies. These examples are for illustrative purposes only and should not be relied upon as a legal determination of the characterisation of each agreement. The fact that an agreement is grouped with Title Transfer Collateral Agreements below does not preclude its characterisation as a Security Collateral Arrangement with a right of use and vice versa. Moreover, the characterisation of an agreement may be different under U.S. and European law.

Title Transfer Collateral Arrangement

Such arrangements may include without limitation:

- Overseas Securities Lender's Agreement
- Global Master Securities Lending Agreement
- Global Master Repurchase Agreement
- SIFMA Master Repurchase Agreement
- An ISDA Master Agreement incorporating an English Law ISDA Credit Support Annex
- An ISDA/FIA Client Cleared OTC Derivatives Addendum which provides for title transfer collateral arrangements and in particular where entered into in connection with an English law governed ISDA Master Agreement which includes the English law CSA Collateral Terms as set out in Appendix 1 thereto, or when entered into in connection with a relevant FIA client clearing agreement
- Master Gilt Edged Stock Lending Agreement
- Master Equity and Fixed Interest Stock Lending Agreement
- Prime brokerage agreements which provide for title transfer collateral arrangements

- FIA client clearing agreements for exchange traded and other cleared derivatives which provide for title transfer collateral arrangements
- FIA Clearing Module which provides for title transfer collateral arrangements
- Any bespoke agreements granting security by way of transfer of title to the secured party

Security Collateral Arrangement containing a right of use

Such arrangements may include without limitation:

- An ISDA Master Agreement incorporating a New York Law ISDA Credit Support Annex
- An ISDA/FIA Client Cleared OTC Derivatives Addendum which provides for security collateral arrangements and in particular where entered into in connection a New York law governed ISDA Master Agreement including the New York law CSA Collateral Terms as set out in Appendix 2 thereto, or when entered into in connection with a relevant FIA client clearing agreement
- An ISDA Master Agreement in respect of which an English Law ISDA Credit Support Deed incorporating a right of use is a credit support document
- Prime brokerage agreements which provide for the creation of security over financial instruments
- FIA client clearing agreements for exchange traded and other cleared derivatives which provide for a creation of security over financial instruments

- FIA Clearing Module which provides for a creation of security over financial instruments
- Security arrangements in relation to margin loan documentation and associated custody agreements
- SIFMA Master Securities Lending Agreement (this agreement is generally a security collateral arrangement with respect to collateral delivered to the lender; the borrower takes title to the borrowed securities)
- Any bespoke security agreements creating security in respect of financial instruments with rehypothecation rights or a right of use over the financial instruments in favour of the secured party

Appendix 3

U.S. BROKER-DEALER, U.S. FUTURES COMMISSION

MERCHANT, or U.S. BANK:

This Appendix describes the Re-use Risks and Consequences that may arise under Collateral Arrangements with a bank chartered under U.S. federal or state law, a U.S. branch or agency office of a non-U.S. bank (any such bank, branch, or agency office, a “**U.S. banking organisation**”), a U.S. entity that is registered as a broker-dealer with the U.S. Securities and Exchange Commission (“**broker-dealer**”), or a U.S. entity that is registered as a futures commission merchant with the Commodity Futures Trading Commission (“**FCM**”). A single U.S. entity can operate, and be regulated, as both a broker-dealer and an FCM, but it remains subject to separate regulatory requirements with respect to its separate activities.

U.S. law draws a distinction between financial instruments delivered to a broker-dealer or FCM and treated as customer assets (“**Customer Assets**”), financial instruments held by a U.S. banking organisation in a trust or custodial capacity (“**Custodial Assets**”), and financial instruments delivered or pledged to a U.S. banking organisation, broker-dealer, or FCM in a principal (non-customer) capacity (“**Non-Customer Assets**”). Customer Assets held by a broker-dealer or FCM are subject to mandatory segregation requirements under the rules of the SEC and CFTC, respectively, and special-purpose insolvency regimes under which segregated assets, *i.e.*, Customer Assets and cash required to be held in segregated accounts, are distributed to customers. Custodial Assets held by a U.S. banking organisation are generally segregated on an account- or customer-specific basis, while in some circumstances broker-dealers and FCMs are permitted to segregate Customer Assets on an omnibus basis for all customers.

Financial instruments held in a securities account at a broker-dealer or delivered to an FCM as margin (or “performance bond”) for a cleared derivative generally constitute Customer Assets. On the other hand, securities delivered to us under a repurchase or securities lending agreement generally do not constitute Customer Assets. If, with respect to Customer Assets received by us as a broker-dealer, you separately agree to lend financial instruments to us under a securities lending agreement, or agree to sell financial instruments to us under a repurchase agreement, then the financial instruments are removed from your account and are no longer eligible for customer protection. Any financial instruments delivered to us under

such transactions are Non-Customer Assets. *If you are uncertain whether a financial instrument pledged or delivered to us is a Customer Asset, please obtain legal advice.*

With respect to Customer Assets received by us as an FCM in connection with your CFTC-regulated transactions, we generally cannot use such Customer Assets other than to margin, guarantee or secure those transactions. That is, we may transfer such assets to segregated or secured accounts established by us with banks, clearing houses and clearing brokers, which acknowledge, via rules or written agreements, that such Customer Assets are the property of the FCM's customers and can be utilised solely to margin, guarantee or secure customer transactions. In addition, an FCM may, pursuant to repurchase agreements, substitute such segregated Customer Assets, subject to very strict CFTC regulations, including the requirement that such substitution is made on a "delivery versus delivery" basis, and the market value of the substituted securities is at least equal to that of the Customer Assets being substituted. To the extent segregated assets were found to be insufficient to satisfy customer claims in full, customers would continue to have a claim against the proprietary assets of the FCM.

With respect to Customer Assets received by us as a broker-dealer in connection with your SEC-regulated transactions, we generally can use such Customer Assets only with your consent and subject to regulatory usage limits that are imposed both at the account level (by reference to the amount of your obligations to us) and across all customers (by reference to the amount of all customer obligations to us). The SEC requires that broker-dealers perform a daily valuation of Customer Assets (including related customer obligations) and maintain in segregation either Customer Assets or cash or other high-grade assets such that the value of segregated assets will at all times exceed the value of all Customer Assets net of customer obligations to the broker-dealer. Further, to the extent segregated assets were to be insufficient to satisfy customer claims in full, customers would continue to have a claim against the proprietary assets of the broker-dealer.

Notwithstanding point (b) of paragraph 2 of Article 15 of the Securities Financing Transactions Regulation, when we use your Customer Assets, they continue to be included on your account statement reflecting their status as Customer Assets, and we may not identify to you the financial instruments that we have used.

If we are a broker-dealer or FCM, our exercise of our right to use Customer Assets

has no effect on the nature of your property interest in the financial instruments or on your rights as a customer in the event of our insolvency. The amount of your customer claim in a broker-dealer or FCM insolvency proceeding is a function of the value of assets held in your account and the amount of your obligations to us, if any. In a broker-dealer or FCM insolvency proceeding, all customers generally receive the same pro rata share of their claims based on Customer Assets (and customer cash), regardless of whether their financial instruments were subject to use or were used by the broker-dealer or FCM. (In the case of an FCM insolvency, customers are separated into several account classes based on product type, and recoveries may vary across account classes. Customers within the same account class receive the same pro rata share of all customer claims within that class.)

In the insolvency of a U.S. banking organisation, Custodial Assets are generally returned to their owners to the extent such assets are available for distribution. Your consent to our use of your financial instruments may prevent them from being treated as Custodial Assets, and it may jeopardise your right to obtain their return in the event of our insolvency.

Collateral Arrangements with respect to Non-Customer Assets can take a variety of forms with differing legal characterisations and practical consequences. Generally, a title transfer collateral arrangement entitles you only to a creditor claim for the return of your financial instruments. Under a security collateral arrangement, in some cases you may retain a property interest in the financial instruments delivered to us as collateral, but your property right (if any) may be subject to superior rights of our creditors or of a party to which we have transferred the financial instruments. Additionally, in the event of our insolvency, you may lose your property interest if you are unable to identify your property as distinct from our other assets, and our use of your financial instruments may impair your ability to do so.

This Appendix is not intended to provide a complete description of the treatment of Collateral Arrangements under U.S. law or the U.S. customer protection system, and you should not rely on it for that purpose.

If we are a U.S. broker-dealer, U.S. FCM, or U.S. banking organisation, Sections 2(a)(i) through (v) of the Information Statement do not apply. Instead, where you provide financial instruments to us under a title transfer collateral arrangement or if we exercise a right of use in relation to any financial instruments that you have provided to us by way of collateral under a security collateral arrangement

containing a right of use, we draw your attention to the following Re-use Risks and Consequences:

Risks in Connection with Financial Instruments That Are Customer Assets

If we are a U.S. broker-dealer or FCM and your financial instruments are Customer Assets, then we are permitted to use your financial instruments (i) to post as margin in respect of CFTC-regulated products with a clearing organisation or other intermediary, and (ii) as otherwise permitted within the limits imposed by U.S. customer protection rules. When we use your Customer Assets, we may not hold them in segregation or trust, depending on the applicable U.S. regulation, but we continue to report them on your account statement reflecting their status as Customer Assets. As a result of our use of your Customer Assets, those assets are subject to the Re-use Risks and Consequences listed in Sections 2(a)(vi) through (x) of the Information Statement. In addition, if we provide you with clearing services (whether directly as a clearing member or otherwise), Customer Assets are subject to the Re-use Risks and Consequences listed in Section 2(b) of the Information Statement.

Moreover, as a result of our use of those financial instruments (including, in some cases, your ceasing to have a proprietary interest in those financial instruments), or the failure of a third party to deliver to us financial instruments, you may not be entitled to exercise any voting, consent or similar rights attached to the financial instruments, and even if we have agreed to exercise voting, consent or similar rights attached to any equivalent financial instruments in accordance with your instructions or the relevant Collateral Arrangement entitles you to notify us that the equivalent financial instruments to be delivered by us to you should reflect your instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that we do not hold and are not able to readily obtain equivalent financial instruments, we may not be able to comply (subject to any other solution that may have been agreed between the parties).

However, our right to use Customer Assets and our actual use of Customer Assets do not present any insolvency-related Re-use Risks and Consequences. This is because, as described above, in the event of our insolvency your claim for Customer Assets would be calculated according to a formula that does not take our use of assets into account.

In the event that a receiver, conservator or other insolvency official exercises its powers under an insolvency regime in relation to us, any rights you may have to take any action against us, such as to terminate our agreement, may be subject to a stay by the relevant authority and a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities. However, this risk exists regardless of whether we have used your financial instruments or you have consented to their use.

Risks in Connection with Financial Instruments That Are Non-Customer Assets

Non-Customer Assets are not protected by the U.S. customer protection rules that apply to Customer Assets. If we are a U.S. broker-dealer or FCM and your financial instruments are Non-Customer Assets, or we are a U.S. banking organisation, and you have granted us a right to use your financial instruments, then we will not hold such financial instruments in segregation or trust. Your rights, including any proprietary rights that you may have had, in those financial instruments may be replaced by a contractual claim (which would be unsecured unless otherwise agreed) for the delivery of equivalent financial instruments subject to the terms of the relevant Collateral Arrangement. As a result of our use of your Non-Customer Assets, those assets are subject to the Re-use Risks and Consequences listed in Sections 2(a)(vi) through (x) of the Information Statement.

If we are a U.S. banking organisation, as a result of your consent to our use of your financial instruments, those financial instruments may not be held by us in accordance with the rules that apply to Custodial Assets, and, if they had benefited from any protections as Custodial Assets, those protection rights may not apply (for example, the financial instruments will not be segregated from our assets and will not be held subject to a trust).

Moreover, as a result of our use of financial instruments (including, in some cases, your ceasing to have a proprietary interest in those financial instruments), or the failure of a third party to deliver to us financial instruments, you may not be entitled to exercise any voting, consent or similar rights attached to the financial instruments, and even if we have agreed to exercise voting, consent or similar rights attached to any equivalent financial instruments in accordance with your instructions or the relevant Collateral Arrangement entitles you to notify us that the equivalent financial instruments to be delivered by us to you should reflect your instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that we

do not hold and are not able to readily obtain equivalent financial instruments, we may not be able to comply (subject to any other solution that may have been agreed between the parties).

In the event of our insolvency your rights in financial instruments that we have used may be replaced by a general claim (which would be unsecured unless otherwise agreed) against us for equivalent financial instruments or the value of those financial instruments, and you may not receive such equivalent financial instruments or recover the full value of the financial instruments (although your exposure may be reduced to the extent that we have provided collateral to you or you have liabilities to us which can be set off or netted against or discharged by reference to our obligation to deliver equivalent financial instruments to you). To the extent you retain a property interest in financial assets we have used, our use of the financial instruments may give other parties superior rights in them and may interfere with your ability to identify the financial instruments for the purpose of obtaining their return.

In the event that a receiver, conservator or other insolvency official exercises its powers under an insolvency regime in relation to us, any rights you may have to take any action against us, such as to terminate our agreement, may be subject to a stay by the relevant authority and a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities. However, this risk exists regardless of whether we have used your financial instruments or you have consented to their use.

ING Bank Śląski S.A.

By : _____
Name : _____
Title : _____
Date : _____

By : _____
Name : _____
Title : _____
Date : _____

**The State of the Czech Republic acting
through _____
Czech _____**

By : _____
Name : _____
Title : _____
Date : _____

By : _____
Name : _____
Title : _____
Date : _____