Annex on Margin Trading

First name and surname/company name:
Address of permanent residence/registered office
Street and house number:
City and Post code:
Birth no./company reg. no.:

1. SUBJECT OF PRODUCT ANNEX

1.1 **Basic definition**. In this annex on margin trading (hereinafter "**Annex on Margin Trading**"), the Parties arrange the general mutual rights and obligations associated with the provision of funds by Patria to the Client through credit pursuant to Section 2395 et seq. of the Civil Code (hereinafter "**Credit**") in order to purchase book-entry securities listed on the current list of book-entry securities on the Website or otherwise agreed on by telephone while submitting an Order (hereinafter "**Securities**").

1.2 **Execution of the Order.** The Annex on Margin Trading does not constitute an obligation for Patria to provide Credit to the Client, even if the conditions under Article 2.3 are met. The proposal for conclusion of an agreement on Credit is represented by the Order submitted by the Client to Patria according to Article 2.2 of the Annex on Margin Trading. Any agreement on Credit is concluded with Patria's acceptance of the Order. Any other accepted and executed Order to purchase Securities on Credit increases the provided Credit in particular currency.

1.3 **Rules of interpretation**. The Annex on Margin Trading forms an integral part of the Agreement. Capitalised terms used in the Annex on Margin Trading shall have the meaning stated in the Agreement, Business Terms and Conditions or in the agreement on financial collateral concluded between Patria and the Client (hereinafter the "**Collateral Agreement**"), unless defined otherwise in the Annex on Margin Trading. In the case of any discrepancies in interpretation, the Annex on Margin Trading shall have precedence over the Agreement, Business Terms and Conditions and the Collateral Agreement in relation to the Credit.

1.4 **Articles' Titles**. In case Annex on Margin Trading states the title of an Article at the beginning of the Article (e.g. in this Article "Articles' Titles"), these titles serves solely for better orientation in the Annex on Margin Trading, not for the interpretation of individual Articles.

1.5 **Replacement of Annex on Margin Trading**. With the conclusion of this Annex on Margin Trading, the existing Annex on Margin Trading concluded between the Parties is canceled and replaced by this Annex on Margin Trading. The existing Credit negotiated and continuing under the replaced Annex on Margin Trading will be governed by the terms of this Annex on Margin Trading.

2. PROVISION OF CREDIT

2.1 **Pledged account**. Patria shall kept information on funds provided through Credit and intended for margin trading on the Pledged account. The Securities purchased using the Credit will be kept on the Pledged account.

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2.2 **Submission of the Order**. The Client requests provision of Credit through an Order to purchase Securities on Credit. The Credit shall be provided only in the amount that the funds in the particular currency in the Pledged Account are short to buy Securities using the Credit. The Order becomes an integral part of the Annex on Margin Trading.

2.3 **Acceptance of the Order**. Patria may accept an Order to purchase the Securities listed in the Order particularly if:

a) the Client has concluded a Collateral Agreement with Patria and this Collateral Agreement is in effect at the time the Order is made provided that the Collateral Agreement is not within notice period for termination;

b) all due and not yet due Debts are sufficiently secured according to the Collateral Agreement;

c) the Client has Cash Collateral or Asset Collateral in the Pledged Account in such volume that the ratio of the purchase price for the Securities acquired on Credit on the basis of the Order to the overall value of Collateral in the Pledged Account after the Order has been executed will be equal to or higher than the Initial Collateral Value, unless Patria permits the Client a lower value of Collateral, even by phone. If the Client submits an Order to purchase further Securities on Credit and the prior Credit has not yet been paid back, the total value of Collateral in the Pledged Account must total at least the Initial Collateral Value in relation to the total amount of Credit;

d) the sum of all due and not yet due Debts of the Client to Patria does not exceed the limit for credit exposure set unilaterally by Patria in relation to this Client.

2.4 **Drawing of the Credit**. Drawing of the Credit takes place with execution of the Order by Patria. In the confirmation of execution of the Order, Patria will state through the Business Application the amount of Credit drawn based on the Order and the total amount of all Credit in the particular currency corresponding to the negative balance in the cash component of the Pledged Account. The Credit is provided in currency in which the Securities is purchased on Credit.

3. RIGHTS AND OBLIGATIONS FOR DURATION OF CREDIT

3.1 **Return of the funds and interest**. The Client is obliged to return the funds from the provided Credit and pay interest on the provided Credit in the amount laid down in the List of Tariffs.

3.2 **Maturity of Credits**. All Credits are due in the end of 2050 unless Patria and Client agrees on extension or the early repayment occurs.

3.3 **Early repayment by Client.** The Client is entitled to pay off the Credit or part thereof at any time.

3.4 **Early repayment upon Patria's request.** Patria is entitled to demand the Credit or part thereof be paid back at any time, including accessories thereto. The Credit shall become payable at the moment insolvency or execution proceedings in relation to the Client are commenced, if Patria becomes aware of such proceedings.

3.5 **Maturity of interest**. Interest is always payable at the end of the relevant calendar month. Should the Credit become due, the accrued interest shall also become due at the same moment. Interest due increases the negative balance in the cash component of the Pledged Account.

3.6 **Repayment**. Repayment of Credit takes place by transferring funds to the Pledged Account, which have to be transferred by the Client. The Credit shall be paid off at the moment the negative balance in the cash component of the Pledged Account is settled.

3.7 **List of Securities**. Patria is entitled to unilaterally amend the list of Securities that can be traded using Credit.

INFORMATION ON RISKS: Trades concluded using credit (margin trades) are high-risk investment trades with a leverage effect. The Client deposits only a certain fraction of the value of the underlying asset, but incurs risk corresponding to the whole value of the underlying asset. In light of the risk it is necessary to consider judiciously whether margin trading is reasonable with regard to the Client’s experience, objectives, financial resources, the regulatory framework and other relevant circumstances.

During this type of trade, the Client might purchase for example 10 000 shares traded on the Prague Stock Exchange. Unless the Client has any other Collateral on the Pledged account, the Client deposits 40% of the purchase price for the shares in question (initial margin) to secure the credit. Other Collateral consists of the Securities purchased on Credit. With 40% collateral deposited, movement in share price of 5% means the Client gains or loses 12.5% of the deposited amount. If the share price drops by 40%, the Client loses the whole amount deposited and with further decline the Client incurs additional commitments exceeding the originally deposited amount.

Example: The Client wants to buy 10 000 shares at a price of CZK 100 per share. The total volume of such a trade is CZK 1 000 000. In order for the Client, who has only CZK 400 000, to purchase this amount of shares, they must borrow funds for the rest of the purchase price. The Client thus uses their CZK 400 000 as the initial 40% margin (Initial Collateral Value) and a securities trader lends them the remaining CZK 600 000. For providing the credit of CZK 600 000 the Client is liable with all the purchased securities at a total value of CZK 1 000 000. The ratio of the Client’s own assets to the total investment value is 1 to 2.5. The Client is thus running the risk of two-and-a-half-times financial leverage. Their profit or loss expressed in % of the invested amount is two and a half times higher than the percentage rise or fall in the share price. For example if the share price falls 10%, the value of all purchased shares falls from CZK 1 000 000 to CZK 900 000 and the Client incurs a loss of CZK 100 000, which corresponds to a loss of 25%. The example is abstracted from the costs for financing a purchase on credit, which include primarily the interest on the amount of credit provided.

Within the context of managing their own risk, securities traders seek to avoid the rise of additional receivables against Clients by establishing another two critical thresholds for securing credit in addition to the initial margin. When the first critical threshold has been broken (Minimum Collateral Value), the trader phones the Client and calls on them to deposit further funds ("margin-call") so that the percentage of the collateral once again reaches the level set for the initial margin – (Initial Collateral Value). When the second critical threshold has been broken (the Closing Collateral Value), the trader is entitled to sell all Securities the Client purchased on credit without any Client order (“stop-loss”), regardless of any potential promise to replenish funds it has agreed on with the Client ahead of time. During a very rapid fall of Securities’ prices, the time between the first and second critical thresholds being broken may be so short that a securities trader sells the Client’s Securities without asking for collateral to be replenished.

In Prague on ______________	In ______________ on ______________
______________________________	______________________________
on behalf of Patria Finance, a.s. on the basis of power of attorney	Client signature