

Warning Against Risks Given to the Participant Before Conclusion of the Contract

Risk factors Relating to Participation

The Participation entails several risks. The risks considered by the Administrator the most significant are given below in this document. Their summary is not exhaustive, it does not replace any professional analysis, it does not restrict any rights or obligations following from the General Agreement, the Agreement on Participation and other provisions of the General Commercial Conditions and Terms, and it does not represent any investment recommendation. Any decision on Participation made by the Participants should be based on information contained in the General Agreement, the Agreement on Participation and other provisions of the General Commercial Conditions and Terms, and especially on their own analysis of advantages and risks of Participation made by the person interested in Participation.

1. Profitability of the Participation May Be Influenced by Many Various Factors

The involvement in Participations is connected with many risks. Notwithstanding the fact that Loans granted by the Administrator, in which the Participants may be involved in the form of Participations, are secured normally by a lien on a real estate, the Participant may sustain loss of a part of his/her involvement, or even whole involvement in case of extraordinarily adverse circumstances. When deciding about his/her involvement in the Participation, the potential Participant should consider various factors which may influence profitability of the Participation. Besides the financial position of the Administrator and the financial position of the Debtor, the profitability of the Participation may also be influenced by many associated factors, including economic prognoses, financial and political facts, and also factors influencing the credit market generally.

2. Economic Substance of Participation

- 2.1 Participation is intended for the subjects only, for whom a possible loss of a part or whole of their involvement in Participation will not mean a significant deterioration of their economic wellbeing. Participation is not an investment instrument.
- 2.2 Participation is a product, the yield of which is based on yield of the respective Loan granted by the Administrator in which the Participant is involved. Protection of involvements of Participants in case of adverse development in repayment of the respective Loan granted by the Administrator is among others its securing by a lien on real estate. In spite of that, adverse development in repayment of the respective Loan may mean a partial or (in case of extraordinarily adverse circumstances) even total loss of invested funds for the Participant. The Participant may diminish the risk of loss of total investment following from adverse development in repayment of the respective Loans by diversification, i.e. by opting for a sufficient number of Loans in which the Participants will take part according to his/her own choice.
- 2.3 In case that the due amount from the Loan Agreement will not be paid out for any reason within 5 years after the envisaged date of termination of the Participation at the latest, all obligations of the Administrator to pay the respective part of principal and interest or other returns to the Participant will cease to exist and the Administrator will not have any liabilities to Participants following from the Contracts. Although Loans granted by the Administrator are normally secured by a lien on real estate, an adverse development of repayment of the respective Loan may mean a partial or (in case of extraordinarily adverse circumstances) even total loss of invested funds for the Participant.
- 2.4 The return of involvement in the Participation and the yield of the Participation is influenced by

performance of the Debtor to the Administrator. The capability of the Debtor to meet his/her obligations following from the Loan influences by the amount of return of involvement in the Participation and the yield on Participation. For this reason the Participant should consider the credit profile and the risk for the Debtor, because the amounts paid to the Participant under the title of Participation is connected with the amounts received by the Administrator from the Client under the title of repayment of the Loan under the respective Loan Agreement, according to the concrete share of the Participation of the Participant on the given Loan.

3. Amount of Yield on Participation May Be Influenced by the Amount of Charged Fees

The return of involvement in the Participation may be influenced by the amount of fees charged by the Administrator. The fees may be charged even if the involvement results in loss. Consequently, the Administrator recommends potential Participants to get acquainted with the amount of fees charged in connection with the Participation.

4. Risk of Participation as Instrument Not Establishing Direct Entitlements against the Debtor under the Loan Agreement

Participation does not represent any claim to the Debtor. In case of loss from the Participation caused by non-payment of due amounts following from the Loan Agreement the Participants will have no claims to the Debtor.

5. Risk of Change of Conditions of the Loan Agreement

The legal obligation from the Loan Agreement is a legal obligation between the Debtor and the Administrator. The terms and conditions of the Loan Agreement, including the terms and conditions of the Loan and its repayment may thus be modified during the existence of the Loan by agreement made between the Debtor and the Administrator, without the necessity of Participant's approval. The company will inform Participants about possible changes in the terms and conditions of the Loan according to the rules stipulated by the Contract.

6. Risk of Enforcement

The Administrator is entitled to enforce possible due amounts from the Loan Agreement and the Loan to which a Participation might be tied. The way of enforcement of the due amount will be chosen by the Administrator in its free deliberation; upon enforcement it will exert all reasonable efforts considered adequate to the given situation with regard to its professional and expert experience in order to receive the highest possible recovered amount from the Loan. It shall apply at the same time that the Administrator does not make any statements and does not grant any guarantees in relation to capability or will of clients to perform their obligations from the Loan Agreements and to repay the respective Loans. The Administrator appraises or monitors the capability of the Debtor to meet his/her obligations from the Loan Agreements and to repay the respective Loans to which some of Participations is tied. The Administrator may, but is not obliged to, take any measures, recommendations or instructions upon enforcement, unless it is set down by generally binding legal regulations applicable on the Administrator.

7. Credit Risk of the Administrator

There is a risk of the Administrator consisting in the possibility that it will become insolvent either as a result of an adverse market development or due to a wrong decision of its management. This fact may subsequently affect the ability of the Administrator to meet its obligations following from the Contracts, because a claim of the Participant to the Administrator arises on the basis of Participation. The company has implemented many procedures, measures and internal control mechanisms for prevention or minimization of the above risks; its activity is also subject to supervision of competent bodies having authority to carry out such supervision.

8. Foreign currency risk

Currency risk emerges when there is a fluctuation in the exchange rate between two currencies. If a Participant maintains their participation in a currency different from the one they typically use for goods or transactions, they are susceptible to currency risk.