

Business terms and conditions of Česká spořitelna, a.s., for the provision of investment services

*This English translation is provided for information purposes only and it is not legally binding.
Only the Czech version of this document shall be binding.*

Dear Clients,

Thank you for choosing Česká spořitelna to manage your finances, and we hope that you always find our services helpful. Our goal is to meet your needs and make you feel good about banking with us. Therefore we have tried to write the document you are reading clearly and comprehensibly. We shall certainly not hide anything from you, conceal important information in a footnote or write it in small print.

These business terms and conditions supplement our investment services agreements and describe the rules we follow in the most common situations. But if you are still unsure about how to proceed in some cases, contact us on our free phone line 800 207 207, and we shall gladly answer your questions.

As well as these business terms and conditions, we also present you with a document containing Basic Information about the Provision of Investment Services. Familiarise yourselves with it before you enter into and conclude the investment services agreement with us.

You shall easily find a current version of both documents at www.csas.cz and www.investicnicentrum.cz in the Downloads section or at all our branches where you shall receive them in a printed copy upon request.

We wish you lots of happiness in your personal and professional life and we look forward to our successful cooperation.

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1. Introduction

1.1 What are these business terms and conditions about?

They govern the rules of the provision of investment and related services that we provide to you based on the entered into and concluded agreements which refer to these business terms and conditions.

1.2 Can these business terms and conditions be amended?

If laws and other regulations or conditions on financial service markets change, there are changes in technology or organisational processes, and with regard to the business policy of our bank we have the right to amend these business terms and conditions, particularly with regard to the conditions for the provision of individual investment services. We shall notify you of a change by any of the following manner: by mail, e-mail, via our electronic banking, electronic data message repository, or by our special website and we shall notify you of the address in case of an amendment to the business terms and conditions. We shall notify you of the amendment in account statements and by electronic banking. We shall notify you of each amendment no later than 1 month prior it comes into effect, and unless you reject the proposed amendment within this period, the new version shall become binding for both parties.

If you disagree with the amendment, you can terminate the agreement to which the amendment applies before the proposed effective date of the amendment in writing with a notice period of 1 month (investment services agreement - smlouva o investičních službách - can be terminated according to Article 3.3). The rights and obligations of such terminated agreement shall be governed by the existing version of the business terms and conditions until the expiry of the notice period. According to the previous sentences you cannot cancel the premium deposit agreement. However if you reject the amendment in writing, your premium deposit agreement shall be governed by the existing version of the business terms and conditions.

1.3 When do these business terms and conditions become valid?

This version of the Business Terms and Conditions of Česká spořitelna, a.s., for the provision of investment services is valid from 1st September 2024.

2. Money and Securities Accounts

2.1 Why do you need a money account?

We shall pay the yields from investment instruments to your money account maintained by us. If you have more money accounts at our bank, we shall pay the yields to the account chosen by you. If you do not choose such an account, it shall be chosen by us. We shall pay you the yields in the currency in which we receive the respective amount. If you do not have a money account in the respective currency at our bank, we shall pay you the yields in Czech Korunas to the account chosen by you using the exchange rate according to our exchange rates table (we do not exchange the yield into Czech Korunas in case of bonds and premium deposits) and if you do not choose such an account, we shall pay you the yields in the payment currency at our branch in compliance with legal regulations.

2.2 Why do you need a securities account?

Your investment instruments are recorded in securities accounts. We maintain your securities accounts in separate registers of investment instruments or in registers linked to the registers of the Central Securities Depository (Centrální depozitář cenných papírů) depending on the type of the investment instrument concerned. Your securities accounts can be maintained directly by the Central Securities Depository and in such a case you can handle your investment instruments through the Bank. If you have no securities account necessary for executing an order, we can open a securities account for you in the respective register of investment instruments.

2.3 How shall we inform you of the securities account balance?

We shall inform you of the balance of your investment instruments in the securities account in the manner and deadlines agreed in the agreement. If at present there shall be no investment instruments in the securities accounts, we shall not send you any information. We shall not inform you about a depreciation in the value of leveraged or contingent liability investment instrument on an instrument-by-instrument basis.

3. Investment Services Agreement

3.1 How does the purchase and sale of investment instruments take place?

Under the investment services agreement we shall arrange the purchase and sale of investment instruments on markets where we trade, or the investment instruments we have in our offer. We do not trade in certificated securities (securities that are issued in the form of a paper certificate as opposed to book-entry securities).

According to your orders, we shall also arrange the purchase of securities of collective investment funds the distributor of which is our bank and their redemption by the issuer. Information about these securities is available at www.investicnicentrum.cz and www.csas.cz.

We also understand an investment services agreement to also mean an earlier negotiated commission agent agreement on arranging the purchase and sale of securities and their administration (smlouva o obstarání koupě a prodeje cenných papírů a jejich správě) or an agreement on arranging the purchase and sale of securities issued by collective investment entities (smlouva o obstarání koupě a prodeje cenných papírů vydávaných subjekty kolektivního investování).

3.2 How do we manage your investment instruments?

Based on the investment services agreement we shall manage foreign equities, securities issued by investment funds and foreign derivative securities (i.e. investment certificates) if these investment instruments shall be recorded on your securities account at our bank or in your securities account in the Central Securities Depository which you shall handle through us.

As part of this service for you

- a) We shall accept for you the yields of these investment instruments (i.e. interest and dividends) and other cash payments the right to which arises from these investment instruments at their maturity or early maturity, besides cases of early repayment based on your decision and
- b) We shall accept and hold all investment instruments the right to which arises from our managed investment instruments as a consequence of conversion or split of stocks of equity, disbursement of dividends in the form of equity or otherwise. If you become entitled to a choice between cash payment or payment in the form of investment instruments, we shall always request cash payment, unless we agree otherwise.

We shall undertake other operations and activities in connection with the management of investment instruments only based on a special agreement. That shall not affect our information obligations concerning facilitating the exercise of shareholder rights, as set out by legal regulations.

We shall accept cash payments for domestic investment instruments for you in cases when these investment instruments are in the securities account which we maintain in our accounting.

3.3 Is it possible to terminate the agreement?

The investment services agreement is entered into and concluded for an indefinite period. We, the bank, and you can terminate the agreement by notice which shall come into effect immediately after the following conditions are met:

- a) If all your orders for purchase and sale of the investment instruments placed before the notice is submitted are executed and
- b) If no investment instruments are registered in any of your securities accounts maintained under respective agreement.

You can send us your notice of termination by post with your notarized signature (we may not accept the notice without official verification of your signature) or you can submit it at our branch.

The agreement shall also expire in the event that no investment instrument are registered in your securities accounts for a period of 5 years and there are no orders which have not been executed or settled as yet.

3.4 What is the procedure for terminating the agreement?

On the final day that the investment services agreement is binding we shall mutually settle all claims arising from the agreement. From the day when the notice of termination is delivered, the only orders that can be placed are orders for sale of investment instruments or orders for the transfer of investment instruments from the securities account.

If the blocking of your investment instruments was registered in our favour, the costs of its cancellation shall be paid by the party that gave notice to terminate the agreement. We shall cancel the blocking at the latest on the day when the order for sale or transfer of the respective investment instruments is executed. However, if you have an unsettled debt arising from the agreement, we can cancel the blocking only after the debt is paid.

4. Placing Orders for Purchase and Sale of Investment Instruments

4.1 How shall you place orders?

You can place orders:

- a) On certain investment instruments in writing using our forms at our branch,
- b) For some investment instruments by phone, provided that your identity can be verified through Bank ID or voice biometrics. We are obliged to always record an order placed by phone. In the event of a fault on the recording device, we may ask you for written confirmation of the order.
- c) For some investment instruments via our electronic banking.

4.2 Can you authorise anybody else to place orders?

Using our form you can authorise another person to place orders for purchase and sale, provide information for the execution of an order on your behalf or act on your behalf in connection with the purchase or sale of investment instruments. We are not obliged to accept a different form of authorisation.

4.3 How to complete an order for a stock exchange transaction?

In the order state the date by which it is to be executed (time limit). The time limit at the Prague Stock Exchange is a maximum of 90 calendar days after the placement of the order. We shall be happy to provide you with information about time limits on foreign markets upon request. If you do not state the time limit, the order shall be valid only for this and the next business day.

You can state the lowest or the highest price in the order for which you want to sell or buy the investment instrument (order LIMIT). If you do not state any price condition in the order or specify it with the words "as best as possible" (order MARKET), we shall buy the investment instrument for the lowest or sell the investment instrument for the highest currently available price. In case of MARKET order we will block an amount increased by 15% compared to the market price valid at the time of placing the order on your account. In the event of a purchase, you can provide us with the purchase order STOP LIMIT when your order shall be executed automatically, only if the market price reaches or exceeds your specified limit (the purchase shall then be made for not higher price than your specified price). In the event of a purchase, you can also place a purchase order STOP MARKET, which means your order shall be automatically executed only if the market price reaches or exceeds your specified limit. In the event of a sale you can provide us with a sale order STOP LIMIT when your order shall be executed automatically, only if the market price reaches or falls below your specific limit (the sale shall then be made at the minimum of your specified price). In the event of a sale, you can also place a sale order STOP MARKET, which means your order shall be automatically executed if the market price reaches or falls below your specified limit. The above-mentioned types of orders cannot be placed on all markets. Upon your request, we will inform you which types of orders can be placed on a certain market.

Legal entities and entrepreneurs must be assigned with an LEI – legal entity identifier for transactions with investment instruments that are traded at trading venues or for derivatives transactions.

4.4 How to place an order for the repeat purchase or sale of collective investment securities?

You can also place an order for regular or repeat purchase or sale of securities issued by collective investment funds the distributor of which is our bank. If the funds are merged, your order for repeated buy or sell of securities of the defunct fund will continue to be valid as an order to buy or sell securities of the successor fund.

4.5 What is the blocking of investment instruments and funds?

If you place an order with us for arranging the sale of a certain investment instrument, you cannot handle the instrument for the time this order is binding. In the event that your order is not executed, we shall release the investment instrument without undue delay once we ascertain that the time limit has expired for its execution and the order has not been executed. The same applies to funds allocated for the execution of the order.

5. Executing Orders for Purchase and Sale of Investment Instruments

5.1 How is an order executed or rejected?

We shall execute orders in compliance with the rules for the execution of orders which you can find in the Information on basic rules for provision of investment services by Česká spořitelna, a.s. We have provided you with this information together with these business terms and conditions.

We can also execute your order by selling the investment instrument to you from our assets or purchase it from you.

Unless further specified otherwise, we can execute any order only if you have sufficient money or investment instruments in the respective account. So before the execution of each order credit the money account with the price for the execution of the order according to the price list, and if your order is also for arranging the purchase of investment instruments then credit the money for their purchase. You need to have a sufficient amount of investment instruments in your securities account to place an order to sell them. If you have insufficient amount of money or investment instruments on the relevant account because previous trades have not yet been settled, we can nevertheless execute such order.

In case that your previous sale of investment instruments has not yet been settled, we may, for the purpose of settling your purchase orders that you placed with us, provide you with a loan (in Czech *zápůjčka*) bearing no interests. We will provide you with the money from the loan in the form of a non-cash transfer to your account determined for settlement of the relevant purchase order in the amount corresponding to the sum to be credited to the relevant account on the day of settlement of the outstanding trade. The loan is earmarked to the settlement of the relevant purchase orders and is due on the day when the sale order is to be duly settled. For this purpose, the funds from this sale will be used to repay the loan upon settlement of the sale order. Should you be delayed in repayment of the loan, we may charge you default interest at the statutory rate.

We are not obliged to execute the order if it is placed contrary to these rules or we shall have doubts concerning the contents or authenticity of the order, or there shall be other reasons to justify our refusal to provide the service. This precaution serves to increase your security when trading. Given that we do not guarantee the constant operation of our communication and information systems we can limit or interrupt their operation for serious reasons (e.g. a technical fault). In such case it may be that we shall not be able to execute the order, or that we shall execute it later. We shall always inform you without undue delay if we have or have not executed an order. We can refuse to execute an order also for reasons connected with the attributes of the investment instrument or conditions on the markets where they are traded, or if the order cannot be executed for other reasons.

5.2 How is an order for a collective investment security executed?

We shall execute an order to buy or sell a collective investment security not traded at the trading venue for the price according to the conditions of its issuer. If the issuer of the security refuses to execute the required transaction we shall not execute this order. In the event that your order is not executed or we shall not be able to identify your payment (e.g. it shall have a wrong variable symbol), we shall return the money to the payer's account provided that this account can be unambiguously clearly determined.

Unless you state different conditions in your order we shall execute the order on the nearest possible date according to our operational conditions and the conditions of the issuer.

We shall handle the proceeds of the sale according to your order. Until you provide us with such order or the order is wrong these funds shall remain in our records interest-free.

5.3 Is it possible to cancel an order?

You can cancel an already placed order only with our approval. We shall not grant approval to cancel an order above all if there is already an obligation to a third party in connection with its processing, or if the conditions of the respective trading venue do not allow the order to be cancelled.

We can terminate the execution of orders for regular or repeated purchases and sales of securities with a 1-month notice period. An order for regular or repeated purchases of securities becomes ineffective, if you do not make the relevant payment for a period of 12 consecutive months

We shall stop the execution of orders, including the related payments, on the following working day after we are credibly informed of the death of a client, or as of the closest possible date for the termination of the specific type of order (payment).

6. Further Conditions for Providing Investment Services

6.1 What if it is not possible to transfer investment instruments to your account?

If we enter into an agreement with you under which we sell investment instruments from our assets to you, but for reasons on your side it is not possible to transfer them to you within the agreed period, the respective agreement shall expire and we shall return the paid purchase price to you. If we have purchased investment instruments from you but for reasons on your side it shall not be possible to transfer them to us the respective agreement shall expire.

6.2 How does investment advice work?

You shall place orders with us on your own liability. If we provide you with an investment advice, it shall not mean that we are obliged to continue monitoring the trend of your investment and provide you with further investment advice. We cannot guarantee an appreciation of your investment or that your assets may not be devalued and you may not incur losses in connection with our recommended transactions as part of investment advice.

6.3 In what language shall we provide information and promotion materials?

We shall provide you with information and promotion materials applying to investment services in Czech language. However by entering into and concluding the investment services agreement you agree with the provision of information and promotion materials also in English or Slovak language if they apply to investment instruments issued abroad.

6.4 Rules of trading venues

We can also subject the execution of an order at the trading venue to the fulfilment of the conditions of those venues for the execution or settlement of transactions. If you place an order with us for the execution of such transaction you agree with the provision of all information on trading in investment instruments that we execute for you in the scope according to the regulations of these trading venues, including their control bodies and respective authorities.

6.5 Shares (fractions) in investment instruments

If you instruct us to purchase investment instruments, we may purchase a share (fraction) in an investment instrument for you if we allow such purchase for the given type of order and the given investment instrument. In this case, you will become a co-owner of the investment instrument. We are not obliged or entitled to provide you with information about other co-owners without the consent of the co-owners. Your shares (fractions) in investment instruments will be recorded in your securities accounts. If your shares (fractions) in the investment instrument reach the volume of the entire investment instrument, we will credit your securities account with the entire investment instrument. You will not be able to exercise non-proprietary rights (e.g. voting rights in shares) in relation to a share (fraction) in an investment instrument. You will receive returns (e.g. dividends, interest) in a proportion that corresponds to your share (fraction). We will manage your shares (fractions) in the investment instruments in the same manner and to the same extent as the relevant investment instruments pursuant to Article 3.2. For investment instruments where we allow you to buy a share (fraction), you can also sell shares (fractions). To sell a share (fraction), you can place the type of order that we do for the sale of shares (fractions).

If you have any question, we shall gladly answer it on our free information line 800 207 207 or at any branch.

Basic information on rules for provision of investment services by Česká spořitelna, a.s.

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In this document we sum up the fundamental information on the conditions for the provision of investment services. Please familiarise yourself with them sufficiently in advance before entering into and concluding the agreement.

What type of clients do we classify?

In compliance with legal regulations we classify our clients as:

- retail clients,
- professional clients,
- eligible counterparties.

Retail clients are entitled to the highest level of legal protection. Professional clients, with respect to their presumed qualification, are provided with a lower level of protection. The lowest level of protection is provided to eligible counterparties.

We shall consider you as a retail client to ensure that you have the highest level of legal protection. You may request a change of classification upon fulfilment of conditions set out by the law. However, be aware that as a professional client you shall lose part of the protection. The change of category from retail to professional client could mean the loss of the right to claim reimbursement from the foreign guarantee system. The stated change may also mean that we may also comply with certain obligations under the Capital Market Undertakings Act in a narrower scope. When changing a category from a professional client to an eligible counterparty, we no longer have to comply with certain obligations under the Capital Market Undertakings Act when providing investment services and receiving and handing over orders, executing orders on your behalf and our proprietary trading.

How do we deal with the risk of conflicts of interest?

Within the financial institution offering various financial services, conflicts of interest may arise in many situations. We follow a rule that it is necessary to resolve any conflict of interest honestly. This applies to conflicts of interest of our company or our employees with the interest of our clients as well as the conflicts of interest between our clients. In order to avoid such conflict of interest as much as possible, we have introduced rules for managing conflicts of interest and a multi-tier organisational structure with an appropriate share of responsibilities.

Particular attention is paid to areas including our proprietary trading, creation of investment recommendations, granting of loans to issuers of securities and private banking services. A typical example of conflict of interest in investment services is a case when we would engage in proprietary trading on a certain market at the same time as you. A conflict of interest can also occur if we were to participate in issues of investment instruments of a certain issuer, provided that we would be the creditor of the issuer of investment instruments or enter with the issuer into other significant transactions, or if our employees receive from the issuer any benefits or advantages that might influence their decisions.

In order to ensure that the investment services are always provided with due professional care, in an honourable, fair, professional and a qualified manner and in your best interest, we have adopted especially the following organisational measures: establishing organisational and physical barriers for information flows, issuing rules for employees' transactions, keeping lists of investment instruments which could result in a conflict of interest, keeping a list of employees who have internal information at their disposal, continuously monitoring all employee transactions, always acting according to our rules for the execution of orders, introducing a code of ethics for employees and regularly training our employees.

If, despite these measures, a conflict of interest occurs, we shall inform you thereof. In cases of unavoidable conflict between our interest and our client's interest, we shall always prioritise the client's interest. In case of unavoidable conflict of interest among clients, we shall ensure fair treatment for all

clients. In case of unavoidable conflict of interest we can also refuse to provide investment services (e.g. we shall not provide investment advice or recommendation concerning the relevant investment instrument). If you so request we shall provide you with further information for the resolution of any conflict of interest.

Basic Information on Investment Instruments

Share is a security with the rights of a shareholder to participate in the management of a company, in its profit and liquidation balance if the company is wound up.

Bond is a security with the right for the repayment of a debt amount equalling its nominal value. The repayment of the nominal value is conditional on the issuer's ability to meet its obligations. A government bond is issued by the state, i.e. a relatively safe issuer; lower risk is balanced by lower yields. A corporate (business) bond is issued by important institutions (banks, insurance companies), as well as by corporations of various reliability, which means higher risk at the maturity of the bond and in extreme cases also the issuer's inability to meet its obligations and to repay the nominal value to the investor.

Debt security is a security with the right for the repayment of the debt amount which can be lower than its nominal value. Yields from debt securities are generally derived from the development of underlying asset or basket of underlying assets, which may be stocks, commodities, indexes, interest rates, currencies, etc. The repayment of the nominal value is conditional on the issuer's ability to meet its obligations.

Subordinated bond is a special type of bond, has a potentially higher yield and simultaneously carries a higher risk. The supervisory authority can order the transition of subordinated bonds to equity (stock), lowering of their principal, or their complete write-off. In case of the issuer's insolvency or liquidation the claim connected with the subordinated bond shall be satisfied after all the other claims have been satisfied. It is not a bank deposit and is not covered by an insurance of the Financial Market Guarantee System.

Unit certificate is a security representing a share in the assets of the unit fund which is combined with further rights resulting from legal regulations and the fund's statute (fund rules). The value of unit certificates depends on the value of the investment instruments owned by the fund. For example, the value of equity funds' unit certificates depends on the value and yields of equities owned by the fund, and similarly the value of bond funds' unit certificates depends on the value and yields of the bonds owned by the fund. An important aspect of collective investment funds is portfolio diversification and thus reduction of a single investment instrument's default risk.

Derivative is an investment instrument which value depends on a certain underlying asset. The underlying asset can be securities, indexes, interest rates, currencies, commodities, etc.

Derivative security is a security which value or yield is dependent upon certain underlying assets (e.g. stock index). An example of such a security is an investment certificate or investment leverage product.

Option and warrant are derivatives whose owner has the right, but no obligation, to buy or sell an agreed amount of underlying assets for the conditions and for the price set out in advance.

Futures is a standardised derivative traded on organised markets which is a forward transaction; an underlying asset can be securities, indexes, interest rates, currencies, commodities etc.

OTC (over-the-counter) derivative is an investment instrument not traded on organised markets (swaps, forwards, options). These instruments are suitable only for experienced investors (e.g. for securing foreign exchange positions).

Structured instruments are instruments comprised of more financial instruments.

The above listed investment instruments are intended for both professional and retail clients.

What are the risks connected with investment instruments and investment services?

Transactions with investment instruments are connected with risks, which may have an impact on the profitability or unprofitability of any investment. Investing in investment instruments is not suitable for everybody and in connection with any investment the possibility exists that the investor does not achieve the expected return or loses part or even the whole invested amount, even in case of so-called guaranteed products. Certain investment instruments imply the risk of a rise in additional financial obligations.

It is generally held that the higher the risk the higher the possible profit but also the loss. Derivative instruments (futures, swaps, options, warrants, certificates) are considered particularly risky, because these instruments imply the risk of losing up to 100% of the investment, similarly as (although to a lesser extent) equities. The risk usually decreases with the duration of the investment, so-called investment horizon. However no investment horizon ensures the decrease of risk to zero. Revenues of investment instruments achieved in the past do not guarantee any future revenues. The overall risk of an investment may be reduced by investing in various kinds of investment instruments. Trading in investment instruments using the so called leverage effect is connected with significantly increased risk. Specific risks may also be associated with the tax consequences of transactions in investment instruments. You are responsible for the fulfilment of tax duties in connection with investments. We recommend that you do not invest in investment instruments, if you do not fully understand their conditions and risks, including the scope of potential loss.

The usual risks connected with investments in investment instruments are:

- **credit risk** (the risk of the issuer or counterparty risk) – the risk that the counterparty shall not meet its obligations (or shall not be able to pay as a consequence of insolvency); in an extreme case there is a threat of loss of the entire investment;
- **settlement risk** – the risk that a transaction shall not be duly settled (e.g. the purchase price shall not be paid or the securities shall not be delivered);
- **market risk** – the threat of loss in case of adverse change of market conditions, especially change of interest rates (interest rate risk), prices of equities (equity risk), prices of commodities (commodity risk), foreign exchange rates (foreign exchange or also currency risk); market risks also include:
- **liquidity risk** – the risk of loss in case the respective investment instrument may not be sold or purchased at a specific time or the transaction may be executed only for an unfavourable price; and
- **volatility risk (fluctuation)** – the risk of short-term or long-term fluctuations of prices (wrong timing of investment may lead to substantial losses);
- **operational risk** – the risk of loss in case of human error, fraud or information systems failure;
- **currency risk** – the value of foreign currency investment instruments is also dependent on the changes of foreign exchange rates, which may have both a positive and negative impact on their value and yield;
- **legal risk** – the threat of loss in case of legal unenforceability of contractual terms;
- **inflation risk** – affects the real revenue of the investment instruments you hold; high inflation may result in achieving lower real revenue or even loss;
- **sector risk** – the threat of change in prices of investment instruments as part of a decline of the respective sector;
- **political risk** – means a threat of change in the price or transferability of investment instruments due to change of the political situation;
- **risk of derivatives** – their value depends on the price of the underlying asset; some derivative investment instruments use leverage effect, i.e. their value depends on the growth or decrease of the underlying asset price according to the agreed ratio, so even a small change in the underlying asset price may cause a substantial decrease in the value of the investment instrument or even loss of the entire investment.

The risks associated with various investment instruments differ. Detailed information about the risks is therefore included in documents relating to specific investment instruments (e.g. in fund statutes or key information documents). You can see the risks typical for particular groups of investment instruments in the following table:

Investment instrument	Typical risks
Equities	equity risk and volatility risk, for certain issuances also liquidity risk, in case of equities in foreign currency also currency risk
Derivative securities	credit risk, liquidity and volatility risk, risk of derivatives; in case of securities in foreign currency also currency risk
Government bonds	credit risk and interest rate risk; liquidity risk, in case of bonds in foreign currency also currency risk
Corporate bonds	credit risk and interest rate risk; liquidity risk, in case of bonds in foreign currency also currency risk
Exchange traded derivatives (futures, options)	risk of derivatives
OTC derivatives (forwards, options, swaps)	risk of derivatives, credit risk and liquidity risk
Money market funds and short-term notes funds	interest rate risk
Bond funds	credit risk and interest rate risk
Mixed funds	credit risk, interest rate risk, equity risk and volatility risk
Equity funds	credit risk, interest rate risk, equity risk and volatility risk
Funds in foreign currency	above risks according to the type of the fund and currency risk
Special funds (e.g. real estate funds, commodity funds)	market risk according to the investment portfolio
Hedge funds	risk of derivatives
Structured deposits	limited credit risk (deposits are insured according to the law), market risk (regarding only revenues), eventually currency risk

In case of securities issued by banks, the competent regulators may decide that such securities will be written down or converted into securities of a participating nature, if it is necessary for the resolution of such a bank (bail-in).

How are your assets protected?

Your claims from the money account you use for investment instrument transactions, as well as claims from the premium deposit agreement, are insured, under the conditions and to the extent set out in the Act on Banks, within the system of insurance of claims from deposits operated by the Financial Market Guarantee System. The Financial Market Guarantee System provides for the reimbursement of deposits up to 100% of their amount, up to a maximum of EUR 100,000 per customer per bank. Investment instruments put in our trust for you are, under the conditions and to the extent set out in the Capital Market Undertakings Act, protected within the guarantee system operated by the Securities Dealers Guarantee Fund. The Securities Dealers' Guarantee Fund provides compensation for 90% of held customer assets, but not more than the equivalent of EUR 20,000 per customer per investment firm. For the calculation of the reimbursement, the decisive value of the asset is its value on the date on which the Securities Dealers' Guarantee Fund receives a notification from the Czech National Bank about the inability of an investment firm to fulfil its obligations or a court decision about the bankruptcy of an investment firm.

Investment instruments purchased in the Czech Republic are deposited or filed in the Czech Republic in the respective register of investment instruments according to Czech law. Investment instruments purchased abroad are held in foreign securities depositories. We choose securities depositories with due professional care and only from among reputable banks operating on the respective market. We are liable for the breach of due professional care regarding the choice of a securities depository, but not for the breach of the legal obligations of the depository nor for its possible bankruptcy.

We hold your investment instruments in accounts maintained by the same securities depositories that we use for holding our own investment instruments. They are usually held in client omnibus accounts opened in the name of our bank, but our and your investment instruments are always strictly separated. Each client is entitled to the share of investment instruments held abroad in an omnibus account, corresponding to the number of investment instruments held by us for the client, under the conditions set out by the law governing the respective investment instruments and omnibus account.

The respective foreign law and trading customs are applicable in connection with investment instruments. Therefore your rights to the investment instruments held abroad may differ. Certain securities depositories may have a security interest or other similar right to investment instruments held by them to secure their claims against us. Foreign laws usually provide protection for investors in case of bankruptcy of a securities depository in such a way that their investment instruments held by the securities depository do not become part of the bankruptcy assets. However if the foreign laws do not provide sufficient legal protection for investors, or if the securities depository does not duly meet its obligations or if, for any reason, the investment instruments of a particular investor are not identifiable or distinguishable from the assets of the securities depository which goes bankrupt, there is a risk that these investment instruments shall become part of the bankruptcy assets and the investor shall have to enforce its claims within the bankruptcy proceedings.

We shall not use your investment instruments without your consent in transactions on our own account or on the account of another client. In case we do use your investment instruments for such transactions we shall inform you about our duties arising from legal regulations.

When we are a direct participant in a central securities depository, we offer you the possibility to open an individual account in your name (the owner's account) in addition to the records of securities at the customer's omnibus account (omnibus account) opened by us in our name with the central securities depository and we will enable you access to this account. While in the omnibus account are your securities registered in the central securities depository together with the securities of our other customers and only afterwards the individual accounts are set up for individual customers, on the owner's account are your securities recorded separately from the securities of our other customers directly in the central securities depository.

Securities held with the central securities depository are not affected by the bank's insolvency, regardless of whether they are held on the owner's account or on the omnibus account.

Keeping of securities on the owner's account is more costly for clients and may be associated with a more limited range of investment services. Detailed information on costs related to the registration of securities is given by the bank in the price list.

How do we execute and transmit your orders?

In order to achieve the best possible results ("best execution") with regard to the conditions on the market, we have drawn up rules and procedures for executing and transmitting orders for trading in investment instruments. The most important principles are as follows:

- We carefully monitor adherence to detailed procedures for the processing of orders for purchase and sale of investment instruments depending on the client category, type of distribution channel, type of investment instrument and other factors.
- We execute orders for purchase and sale at trading venues or outside such execution venues, whereas the choice from among such venues is set out by the rules for the execution of orders or is influenced by the conditions that you set out for the execution of the order.
- The choice of execution venue or the financial intermediary is primarily influenced by the price and total cost of the execution of the order, furthermore by the speed and likelihood that the order shall be executed (market liquidity), possibly other circumstances such as trading hours of markets, technical limitations of markets regarding order placement, transaction settlement standards, etc.
- If the share is traded on the Prague Stock Exchange and the currency of the order is CZK, we execute the order usually at this trading venue since this is the trading venue with the highest liquidity in the Czech Republic. If the share is not traded on the Prague Stock Exchange or cannot be executed on the Prague Stock Exchange under the best conditions we transmit the order for execution

to a financial intermediary executing orders at the execution venue in order to achieve the best possible conditions for you.

- We execute orders for the purchase and sale of bonds traded on the Prague Stock Exchange on this trading venue. Orders to purchase or sale of liquid bonds traded on trading venues where we do not have direct access (e.g. we are not a member of that regulated market), we transmit the order for execution to the financial intermediary executing such bond orders in order to achieve the best possible conditions for you. If due to the low liquidity on a regulated market, the purchase or sale of bonds cannot be executed on a regulated market under the best possible conditions, we will sell or purchase the bonds on our own account, only subject to the fulfilment of the condition that the order will be executed under the best possible conditions for you.. In such case we determine the price of each bond while taking into account the current market situation. In case of certain bonds we execute orders to purchase by buying the respective bonds from their issuer or investment firm which offers them on the market and we execute orders to sell by selling the respective bonds to their issuer or investment firm which purchases them on the market.
- In case of collective investment funds traded at trading venues (Exchange Traded Funds – ETF), we transmit the order for execution to a financial intermediary executing orders regarding the respective ETF at the trading venue in order to achieve the best possible conditions for you.
- In case of other investment instruments traded on execution venues (e.g. warrants, investment certificates, exchange traded derivatives), we execute the order on the Prague Stock Exchange if such investment instrument is traded there since this is the trading venue with the highest liquidity in the Czech Republic. If the investment instrument is not traded on the Prague Stock Exchange, we transmit the order for execution to a financial intermediary who executes the order at the trading venue in order to achieve the best possible conditions for you.
- In case of investment instruments (other than collective investment securities), which are not traded at any trading venues (e.g. OTC derivatives), we execute the order by concluding a transaction with you on our own account. We determine the price and other terms of such investment instrument according to the current market situation and the creditworthiness of our counterparty, whereby we check the price correctness according to collected market data used to estimate the price of the investment instrument and, if possible, compares it with similar or comparable investment instruments.
- Given the complexity and variability of financial markets, we may not ensure the best possible result for each individual order. The objective of the rules for the execution of orders is to achieve a constantly high portion of orders executed with the best possible result.
- If you place an order to us with the express condition for its execution (e.g. you determine the execution venue), we shall follow your instructions. However sometimes such instruction can prevent us from achieving the best possible result.
- The complexity and variability of financial markets, as well as the occurrence of extraordinary events, can mean that in certain justified cases we may decide to execute the order in a different way than that stated in our rules for orders execution.

We review the rules for orders execution and transmission and their efficiency on regular basis, as well as always after an important change of the situation on financial markets or change in a different factor capable of influencing the achievement of the best possible result for you.

We execute orders of our clients at the execution venues or transmit for the execution to financial intermediaries. The execution venues are listed below. We regularly evaluate the list of the execution venues where orders are executed, and financial intermediaries to whom orders are transmitted for the execution. We or financial intermediaries can also use execution venues not listed here to execute an order, if it is necessary with respect to your specific order.

Once a year we publish for each type of investment instrument the five best execution venues and five best financial intermediaries together with information on the achieved quality of execution. The information is available on the website www.csas.cz.

List of execution venues where we execute your orders directly:

Country	Execution Venue	Investment Instruments
Czech Republic	Česká spořitelna, a.s.	Funds of EAM ČR* and REICO**, structured instruments (bonds, debt securities), subordinated bonds

* The collective investment securities issued by Erste Asset Management GmbH and managed by the Erste Asset Management GmbH branch in the Czech Republic.

** The collective investment securities issued by REICO investiční společnost České spořitelny, a.s.

List of execution venues where your orders are executed through financial intermediaries:

Country	Execution Venue	Investment Instruments
Czech Republic	Prague Stock Exchange	Equities, bonds, investment certificates
Austria	Erste Group Bank	Funds EAM *** and third parties' funds
	XETRA Wien	Equities
Germany	XETRA Frankfurt	Equities, investment certificates, ETF
	Tradegate Exchange	ETF
	Börse Stuttgart	Equities, investment certificates, ETF
	Börse Frankfurt	Equities, investment certificates, ETF
	Börse München	Equities, investment certificates, ETF
	Börse Hamburg	Equities, investment certificates, ETF
	Börse Düsseldorf	Equities, investment certificates, ETF
Hungary	Börse Berlin	Equities, investment certificates, ETF
	Budapest Stock Exchange	Equities
France	Euronext Paris	Equities, ETF
Poland	Warsaw Stock Exchange	Equities
United Kingdom	London Stock Exchange	Equities, ETF
USA	NYSE	Equities, ETF
	NASDAQ	Equities, ETF
	CME	Exchange traded derivatives
	CBOE	Exchange traded derivatives
Australia	Australian Stock Exchange	Equities
Japan	Tokyo Stock Exchange	Equities
Spain	Madrid Stock Exchange	Equities
Belgium	Brussels Stock Exchange	Equities
Netherlands	Amsterdam Stock Exchange	Equities
Finland	Helsinki Stock Exchange	Equities
Italy	Borsa Italia (Milano)	Equities
Switzerland	SIX Swiss Exchange	Equities, ETF
Romania	Bucharest Stock Exchange	Equities
Croatia	Zagreb Stock Exchange	Equities
Slovenia	Ljubljana Stock Exchange	Equities

Country	Execution Venue	Investment Instruments
Serbia	Belgrade Stock Exchange	Equities
Turkey	Istanbul Stock Exchange	Equities
Russia	Micex	Equities
Greece	Athens Stock Exchange	Equities
Canada	Toronto Stock Exchange	Equities

*** The collective investment securities issued and managed by Erste Asset Management GmbH.

How do we trade in collective investment securities?

In case of collective investment securities not traded at any trading venues, we execute the orders only if acting as the distributor of the respective security. In these cases we execute order by buying (underwriting) or selling (redeeming) securities directly from/to the issuer of the respective securities, or from/to an entity authorised to perform this activity by the issuer.

When purchasing and selling collective investment securities, the price is not available at the time of order placement. The specific conditions of purchase and sale (particularly pricing) are set out by each issuer. The closing time for the receipt of orders to buy and sell securities is 13:00 Prague time. Later orders are therefore processed the following business day and if the issuer applies an earlier closing time, it is necessary to count with one extra day. In case of Erste Asset Management, the Czech Republic branch ("EAM ČR") and REICO investiční společnost České spořitelny, the closing time at 13:00 does not apply and orders are processed on the day of their receipt or receipt of payment by our bank. When placing an order through the application of internet banking, we process orders under the conditions set out for the provision of this service.

What is the aggregation of orders?

We are authorised to aggregate orders, i.e. to execute your orders or transactions on our own account together with the orders of our other clients, if it is unlikely that the aggregation of orders shall be less favourable for you or our other clients than their separate execution. However this may happen in exceptional cases.

We have set out rules for the distribution of rights and obligations from an aggregated order which are fair, sufficiently accurate, and always prioritise the interest of our client over our interest. They also contain rules for determining the influence of the trade volume and its price on the distribution of rights and obligations from the aggregated order and rules for its partial execution in such a way that the distribution of rights and obligations shall not harm any client.

What are inducements from third parties?

Under existing agreements with third parties (collective investment fund management companies), we may accept payments from such third parties in connection with the provision of investment services, so-called inducements in the form of commissions. These inducements are used to improve the quality of services provided by us or to secure the quality of our client care in the long run. The acceptance of such inducements is not in conflict with our obligation to act in the best interest of the client.

Inducements from collective investment fund management companies are usually accepted in the form of portfolio commissions (as a reward of the Bank for distribution of these products). The amount of the fee, depending on the type of fund, is specified below:

Funds of EAM ČR and REICO		Funds of EAM	
Equity funds	0% to 1.65%	Equity funds	0% to 1.17%
Bond funds	0% to 1.00%	Bond funds	0% to 0.65%
Other funds	0% to 1.50%	Other funds	0% to 0.84%
Third parties funds			
0 to 1.25%			

If we provide investment services through investment intermediaries or tied agents, we pay commission to such persons. We also provide investment advice regarding the management of selected funds and we receive the relevant fee for this service from the manager of the respective fund. We shall provide you with further information upon request.

How do we provide investment advice?

We do not provide independent investment advice as the products we recommend to you are the investment instruments of issuers with which we cooperate.

We do not provide a regular assessment of the suitability of the investment instruments recommended to the client.

Recording of telephone calls and electronic communication

We record telephone calls and electronic communication between us regarding the provision of some investment services. We shall provide you a copy of the relevant record of a call or communication if you so requests within 5 years of such call or communication.

Sustainability in investment services

When providing investment services, we take into account the minimum sustainability standards covering the areas of environment, social and corporate governance (ESG) set at the level of the Erste Group.

In the case of investment advice, we are able to recommend responsible investment products to clients, taking into account the following principles of sustainability:

- sustainability risks are integrated into investment advisory processes through our internal policies and regulations;
- we monitor and adhere to minimum ethical standards for all products recommended as part of investment advice;
- individual products are categorized by product manufacturers according to sustainability criteria;
- we inform clients about the classification of products into categories according to sustainability criteria.

The impacts of sustainability risk vary depending on the specific risk and asset class. Sustainability risk may have an impact on an economic sector or geographic region, thus affecting the underlying investments of the portfolio under management. If a sustainability risk materializes, there may be a sudden negative impact on the value of the investment. Taking sustainability risks into account, as described in the ČS Information on Sustainability and Responsible Investment (available on www.csas.cz), can have a positive impact on the return on investment, as the resulting lower weighting of securities or the exclusion of securities of issuers that do not meet sustainability criteria from the investment portfolio may contribute to efforts to mitigate or prevent global adverse impacts caused by sustainability risks.

Within considering principal adverse impacts on sustainability factors in connection with portfolio management, we do not invest into controversial weapons, coal mining, coal-fired electricity generation and food speculation. Information regarding the principal adverse impacts on sustainability factors is available in the periodic reports we send to you.

The investments underlying the managed portfolios do not take into account the EU criteria for environmentally sustainable economic activities.

In the case of investment advice, we are able to recommend responsible investment products to clients, while taking into account the following principles of sustainability:

- sustainability risks are integrated into our investment advisory processes through our internal policies and regulations;
- we monitor and adhere to minimum ethical standards for all products recommended as part of investment advice;
- individual products are categorized by product manufacturers according to sustainability criteria;
- we inform you about the classification of products into categories according to sustainability criteria.

Based on an assessment of the likely impacts of sustainability risks on the returns of products we advise on, we currently believe that taking sustainability risks into account does not have a negative impact on the return of products.

More information is available in the Information of Česká spořitelna on Sustainability and Responsible Investments, published on our website www.csas.cz.

If you have any question, we shall gladly answer it on our free information line 800 207 207 or at any branch.