

Overview of the essential information duties

provided by Volksbank CZ, a.s. in connection with the implementation of the European directives MiFID

1. Client categorization

The individual categories have a different degree of client security with regard to the extent of the investment services or investment tools offered by Volksbank CZ, a.s. (hereinafter referred to as the Bank). The highest possible safety level has been set for the „non-professional client“ category, the lowest on the other hand for the „authorized counterparty“. The client has the possibility to require being reclassified into another category (with higher or lower safety level) for all categories of investment tools (classification of the investment tools into individual categories is given in the document Regulations for accomplishing clients' instruction under the best conditions, which is an integral part of the contractual documentation for trading with the investment tools). A more detailed description of the individual categories is given in the document Description of financial tools and risk warning.

1.1 Non-professional client (according to the new legislation)

A non-professional client is a physical person or legal entity, to which the Bank as the provider of investment services provides the investment service according to the law and which does not meet the criteria for being classified into the professional client or authorized counterparty category. The Bank is obliged to provide the non-professional client the highest possible safety level for providing the investment services. The non-professional client can ask the Bank for reclassification into the professional client category while complying with the conditions according to the law. Such reclassification is connected with the loss of the existing safety rate and level of treatment and particularly in case of the foreign system parallel to the Guarantee fund of the bonds and securities traders might lose the right for payment of compensation. The reclassification agreement has to be in the written form. The Bank is not obliged to satisfy the client's requirements to be reclassified into a lower security category even if the client complies with the quantitative requirements prescribed by the law.

1.2 Professional client

A professional client is a physical person or legal entity, to which the Bank as the provider of investment services provides the investment service according to the law and which has expert

knowledge and experience in such extent that assumes being able to decide individually about the purchase, sale or other operations connected to investment tools and primarily to consider the risk connected, and at the same time complying with the conditions of the law. The professional client is within providing the investment services exempt from certain operations in comparison with the non-professional client, which can positively influence the trading dynamics, but on the other hand, the professional client has as compared with the non-professional one, a lower safety level while using the investment services. After complying with the conditions, the professional client can ask for reclassification into the authorized counterparty category. The Bank is not obliged to satisfy the client's requirements to be reclassified into a lower security category. The professional client can also ask for reclassification into the non-professional client category for all investment tools. The Bank will satisfy such a requirement. The reclassification agreement has to be in the written form.

1.3 Authorized counterparty

An authorized counterparty is a legal entity, to which the Bank as the provider of investment services provides the investment service according to the law and which complies with all the conditions specified by the law for classification into this category. The client in the authorized counterparty category is exempt from certain operations connected with the categories above, but they do not have any degree of security while providing the investment services. The client classified into the authorized counterparty category can ask for a higher degree of security by reclassification into the professional or non-professional client category for all categories of investment tools. The Bank will satisfy such a requirement. The reclassification agreement has to be in the written form.

2. Regulations for accomplishing clients' instruction under the best conditions

While trading with you the Bank proceeds so that your command was performed together with keeping the Regulations for accomplishing clients' instruction under the best conditions (hereafter just „Regulations“), i.e. in order the client could achieve

the best possible result. The Bank takes in consideration primarily the price of the investment tool, further costs connected to the instruction implementation and its settlement, speed and probability of the instruction accomplishment, the volume of required trade, and possibly other factors required by the Bank to be able to set the so-called transfer site for realizing the instruction. By a transfer site is understood public regulated market (stock exchange or off-exchange electronic business platform), for commands traded outside of the public regulated markets (so-called OTC market) the Bank has for purpose of these rules character of a transfer site.

By implementing these rules the client by no means loses the right of their own determination of the transfer site where the instruction shall be traded. The bank will proceed according to these rules only in the cases when the client does not define the transfer site while placing the instruction. The belongings of the command are defined in the business conditions for trading with the bonds or in the General agreement on closing deals with the investment instruments I or II.

3. The extent of information provided to the clients regarding the investment services

The Bank is obliged to provide the client complete information which is necessary for a legitimate decision about the investment service. The obligation is applied to both: the information rendered before providing the service as well as the information connected with providing the services (being informed about the instruction realization, accomplished business, achieved prices and connected fees etc.). The provided information has to be accurate, correct, clear and not misleading and it has to enable the client to understand the nature of the service provided and the type of the investment tool in which is invested.

The Bank is obliged to inform the client in a way as explicit and integral as possible about the advantages as well as risks resulting from the transactions realization. This obligation to provide information has to be always fulfilled regardless of the distribution channel applied. Additional general information, for example the rules for the conflict of interests management, can be found on the website www.volksbank.cz.

4. Information about incentives

If the Bank provides the investment service, it is prepared to inform the client on request about the amount of incentives, which the Bank pays to any third party or, on the other hand, which are accepted from the third party. Such incentives can be provided or accepted only in case that they improve the quality of the provided service and that they do not prevent the Bank from acting in the in the interest of the client.