



CITIBANK EUROPE PLC CUSTOMER INFORMATION FOR THE PURPOSE OF PROVIDING THE INVESTMENT SERVICES

Valid and effective from 1 April 2021

Citibank Europe plc, organizační složka
Prague
Czech Republic

Citibank Europe plc, a company established and existing under the laws of Ireland, with its registered office at North Wall Quay 1, Dublin, Ireland, registered in the Commercial Register in the Irish Republic under No. 132781, conducting its business in the Czech Republic through **Citibank Europe plc, organizační složka**, with its registered office at Praha 5, Stodůlky, Bucharova 2641/14, postal code: 158 02, Company ID No. 28198131, incorporated in the Commercial Register administered by the Municipal Court in Prague, File A 59288 (hereinafter "**the Bank**").

hereby announces to its customers, to whom it provides the investment services pursuant to the applicable legal regulations governing the capital market business, in particular Act No. 256/2004 Coll., on Undertaking on the Capital Market, as amended and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 (hereinafter the "**Legal Regulations**"), certain information that the Bank is obliged to communicate to its customers under the aforementioned Legal Regulations.

1. INFORMATION ABOUT THE BANK AND BASIC INFORMATION RELATED TO INVESTMENT SERVICES PROVIDED BY THE BANK

The Bank is defined in the applicable Legal Regulations as a foreign entity having a registered office in another EU Member State (Ireland) and holding a single license under a special statute regulating the business of banks (Act No. 21/1992 Coll., Act on Banks, as amended) permitting the Bank to also provide investment services in the Czech Republic. The Bank holds a banking license issued in 2001 by the Central Bank of Ireland, registered office: PO Box 559, Dame Street, Dublin 2, Ireland. In accordance with the relevant European Community rules regulating banking and investment company business and section 5a et seq. of the Czech Act on Banks, the Bank has set up a branch in the Czech Republic in order to provide the relevant banking and investment services, which are the main subject of its business. In terms of providing investment services the Bank is subject to the regulation by authority of the home state, Central Bank of Ireland, and the oversight authority of the host state, the Czech National Bank with registered office at Na Příkopě 28, 11503, Praha 1, especially with regard to rules for dealing with customers in the meaning of the Legal Regulations. In addition, the Bank is subject to regulation by European Central Bank. The Bank is not currently making use of tied agents in the meaning the Legal Regulations, with respect to the Bank's business in the Czech Republic.

Bank's contact details:

For all purposes of providing the investment services, with the exception of custody investment service including related services and procurement of settlement of securities or book-entry securities transactions:

Citibank Europe plc, organizační složka
The Treasury Marketing Unit
Bucharova 2641/14, Prague 5, postal code 158 02
Website: www.citibank.cz
Phone: 233 061 111

For the purpose of providing the custody investment service including related services and procurement of settlement of securities or book-entry securities transactions:

Citibank Europe plc, organizační složka
Custody Operations Department
Bucharova 2641/14, Praha 5, postal code 158 02
Website: www.citibank.cz

The Bank's client (hereinafter "**the Client**") has the right to communicate with the Bank in Czech. In individual cases the Bank may agree to communicate with the Client in English. The Bank shall communicate any relevant information and enter into contracts or agreements with the Client in these languages.

2. INFORMATION ON INVESTMENT SERVICES PROVIDED BY THE BANK

The investment services, which the Bank is authorised to provide under its valid banking license, include:

- receiving and transferring orders related to investment instruments;
- executing orders related to investment instruments on the customer account;
- trading with investment instruments on own account
- underwriting of investment instruments and/or placing of investment instruments on a firm commitment basis
- safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts by a central securities depository of foreign central securities depository;
- Investment research and financial analysis or other forms of general recommendation relating to transactions in investment instruments.

The Bank shall provide the Client with those of the above mentioned investment services agreed upon with the Client in separate agreement. The Bank shall inform the Client in writing (primarily electronically, if the form of electronic communication is agreed with the Client) of the investment services provided. The nature, frequency and time limit for sending the relevant information to the Client are provided under a special written agreement with the Client; the nature, frequency and time limit must be compliant with the applicable legal regulations. In case the investment services agreement is concluded, concerning recurring performance of such services, the shortest period of time, for which the agreement will be binding onto parties, is one day. The Bank takes laws of the Czech Republic as basis for creation of legal relationship with the Client.

3. DESCRIPTION OF RULES GOVERNING CONFLICTS OF INTEREST

In order to identify and manage any conflicts of interest between the Bank and its customers that may arise in the course of providing investment services, the Bank has implemented and has been using organizational and administrative measures, which the Bank regards as effective, to ensure that any such conflicts of interest do not damage the interests of the Bank's customers.

In determining the factual or potential existence of conflicts of interest the Bank makes an assessment as to whether or not the matter in question constitutes a material risk of loss/damage to the customer, while taking into account whether the Bank, its managers, tied agents (if any), employees or a person from the Citibank group, i.e. company Citigroup Inc. and any entity controlled directly or indirectly by Citigroup Inc. (hereinafter the "**Citibank Group**") and its managers, tied agents (if any) or employees of such a person from the Citibank Group:

- can gain financial benefit or prevent financial loss, both at the expense of the customer;
- has interest on the result of the service provided to the customer or the result of the transaction carried out in the name of the customer, that is different from the interest of the customer;
- has any material benefit from the revenue/outcome of the service provided to the customer or from the transaction executed on behalf of the customer (and, furthermore, the material benefit arose beyond the customer's own material benefit or interest in the revenue/outcome of such a transaction);

- has any financial reward or other benefit for giving preference to the interests of another customer or group of customers over the interests of the original customer in question or has motivation to prefer interest of a customer over interest of another customer;
- is in the same line of business as the customer;
- receive or will receive from a person different from the customer any type of incentive (be it money, goods or services) in connection with service provided to the customer and this incentive is not a usual consideration for the services provided.

Below is a list of some of the measures of the Bank for the management of conflicts of interests, through which the Bank can manage actual or potential conflict of interests. Measures of the Bank for the management of conflicts of interests include the following procedures:

- The Bank has established an independent Compliance Department with authority to monitor, identify, prevent and manage conflicts of interests;
- The Bank has established and applies procedures and systems to identify specific situations in which competing or conflicting interests usually occur;
- The Bank has established and uses systems to monitor the executed or potential transactions, internal information flows within the Citibank Group, and the associated compliance with the specified restrictions/prohibitions on trading, including a list of insider information and the list of insiders as defined in the Legal Regulations, or to monitor the flow of insider information within the Citibank Group;
- The Bank has imposed a ban on its employees on any misuse of the insider information to the detriment of the Bank's customers, whether for the employee's own benefit or of those within the Citibank Group, and uses systems to monitor compliance with this ban;
- aspects, such as (among others) the pricing of the product or business transaction, their structure or timing of their introduction on the market are subject to the supervision and approval by the product committees, which are independent of the Bank's employees directly engaged in such a business transaction or product;
- The Bank has established and carries out the supervision of the contacts between the business units or individual employees of such units whose customers have conflicting or competing interests in relation to customers of other business units (a so called "Chinese wall" system);
- The Bank has established regulations and procedures to ensure fair and equal treatment of customers or groups of customers and monitors adherence to these regulations;
- The Bank has established regulations, rules and procedures to govern the acceptance and granting of incentives and other financial rewards and non-financial benefits, and monitors adherence to these regulations;
- The Bank regularly organizes the relevant staff training;
- The Bank has established regulations governing the private investment and business activities of its employees in order to avoid conflict of interests between the Bank's employees and customers;
- The Bank maintains updated records of the provided services and products from which a material conflict of interests has arisen or may arise between the Bank or persons of the Citibank Group and their customers. The Bank also keeps records of potential conflicts of interests relating to e.g. fair approach of the Bank or persons of Citibank Group to their customers, mutual competition between the Bank or persons of Citibank Group and its customer, multilateral engagement of the Bank or persons of Citibank Group and their customer, conflicts of interests arising from the use of important non-public information and the use of private information, products generated and offered by the Bank or by persons of Citibank Group to the customers, cases of conflicts of interests among the customers of the Bank or persons of Citibank Group and other conflicts of interests between the Bank or persons of the Citibank Group and their employees.

If, notwithstanding the adopted measures, an adverse effect of the conflict of interests on the Client's interests cannot be reliably avoided, the Bank shall inform the Client, before providing the investment service, about the nature or sources of such a conflict, so that the Client may reconsider his/her interest in the investment service under such circumstances.

If requested by the Client, the Bank shall provide more details on rules for conflict of interests, or inform the Client where more information can be found.

4. INFORMATION ON THE INVESTMENT INSTRUMENTS TO WHICH THE INVESTMENT SERVICE OF THE BANK PERTAINS

The Bank provides the relevant investment services with respect to all types of investment instruments¹ in terms of Legal Regulations.

The Bank shall publish more details on the nature and characteristics of each investment instrument offered by the Bank, or these details may also be provided in a special written agreement between the Bank and the Client or communicated to the Client in other manner including but not limited to product information documents or term-sheets. The Bank does not provide investment services of investment advisory and/or portfolio management therefore provides customers with neither investment recommendations nor the Bank does propose investment strategies.

5. INFORMATION ON POTENTIAL RISKS ASSOCIATED WITH INVESTMENT INSTRUMENTS AND POSSIBLE PROTECTION AGAINST THESE RISKS

General risks associated with investment instruments and other investment products (hereinafter jointly the "investment instruments"):

Investment instruments are not bank deposits and are therefore not insured by government institutions; likewise, they are not bank deposit receivables covered by the Czech Deposit Insurance Fund or Irish Deposit Guarantee Scheme; they are not the liabilities of (and are not guaranteed or insured by) Citibank Europe plc, Citigroup, Inc. or any other Citibank Group company, unless expressly established otherwise in a valid statute/prospectus or other constitutive document specifying detailed terms and conditions for the investment instrument in question.

Investment instruments are subject to investment risks and entail the risk of possible loss, including the risk of loss of the principal invested. Past or expected performance is not a reliable indicator of future yield or performance. The value of investment instruments can go up and down. Return on funds invested in an investment instruments is not guaranteed. The investment instrument denominated in

¹ The investment instruments include:

- a) investment securities, i.e. securities and book-entry securities marketable on the capital market, particularly equities or similar securities and book-entry securities representing a share in a legal entity, bonds or similar securities and book-entry securities with which a right to be repaid the amount due is associated, depositary receipts representing the ownership right to the securities and book-entry securities mentioned above, securities and book-entry securities authorizing the holder to acquire or alienate the investment securities mentioned above and securities and book-entry securities in which rests the right for the money settlement and the value of which is defined by the value of investment securities, currency rates, interest rates, interest earned, commodities, financial indices or other indicators expressed in figures.
- b) collective investment securities, primarily the shares and units of investment funds,
- c) money market instruments, i.e. instruments that are usually traded on the money market and have value that can be precisely determined at any time
- d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to rate or value of securities, foreign exchange rates, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash,
- e) tools enabling the transfer of credit risk,
- f) agreements for financial differences,
- g) options, futures, swaps, forwards and any other instruments relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event,
- h) options, futures, swaps, and any other instruments relating to commodities that can be physically settled provided that they are traded on a regulated market, a multilateral trading facility, or an organized trading facility, except for wholesale energy products under Article 2 par. 4 of the Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency, traded on an organised trading facility that must be physically settled,
- i) options, futures, swaps, forwards and other instruments the value of which relates to commodities and which grant the right to the delivery of the commodity, which are not listed in Item h) above, which are not intended for trade and bear signs of other derivative investment instruments,
- j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event,
- k) instruments relating to assets, rights, obligations, indices and measures not otherwise mentioned in item a) to j) above, which have the characteristics of other derivative investment instruments, having regard to whether, inter alia, they are traded on a regulated market, a multilateral trading facility, or an organized trading facility,
- l) emission allowances

other than the local currency of the customer also entails the exchange rate risk which is the risk of a decline in value of such investment instruments due to unfavorable exchange rate of the currencies in the foreign exchange markets, particularly the currency in which such an investment instrument is denominated, and the local currency of the customer.

Certain specific risks:

Market risk - means the likelihood that the investment instrument market value may change as a result of a market factor (interest rate, currency rate, value and performance of the underlying assets, etc.). Market risks, in particular, include currency and interest rate risks.

Currency risk - is a type of market risk and means the risk that the investment instrument market value may change (drop) as a result of changes in the foreign exchange rates. Securities denominated in USD, for instance, will show a drop in their market value expressed in CZK following a drop in the USD rate although the value in USD will remain unchanged. Investment instruments denominated in a currency other than the local currency and currency derivatives are those most subject to currency risk.

Interest rate risk - is another type of market risk and means the likelihood that the investment instrument market value may change due to a change in interest rates. The interest rate risk is particularly relevant to the bond-based investment instruments, interest rate derivatives, the market value of which is inversely proportionate to interest rate fluctuations.

Liquidity risk - is the risk of additional transaction costs incurred in prompt conversion of an investment instrument into funds or the risk that such a transaction may be impossible to complete by the required date. Liquidity risk is particularly relevant with infrequently traded, structured, or individualized investment instruments and those where the buyer undertakes to hold the instrument for a certain minimum period of time.

Issuer risk - is the likelihood that an issuer of the investment instruments will not be able to satisfy the liabilities arising from these investment instruments (such as the inability to repay bonds) or that there will be a substantial drop in the market value of such investment instruments (such as equities) as a result of poor decision-making by management or poor business performance.

Industry risk - expresses the likelihood of a change in the market value of the investment instruments (especially equities and some derivatives) the value of which is tied to the economic cycle of an industry as a whole.

Leverage risk - some investment instruments may entail the so-called leverage effect. The leverage effect can be generally described as a mechanism in which a small percentage change in price or value of the underlying investment instruments purchased on credit represents a multiple percentage change in profit or loss with respect to the customer's own funds invested. During the holding period of such an investment instrument, the market price thereof may significantly fluctuate, thus at the moment of realization of such an investment instrument there is a risk of losing a part or the entire amount invested, and may even lead to the creation of further financial obligations.

Political risk - is the likelihood of a political change having a negative impact on the investment instrument, its value, transferability, the standing of the issuer, etc. (including the imposition of foreign exchange restrictions, nationalization, etc.).

Volatility risk – some investment products are subject to the risk of price volatility, i.e. their price can go up or down in time and such changes in the price of the investment instrument can be material.

Regulatory risk - investment instruments are subject to the risk associated with their regulation. In some situations, the regulator may take measures to suspend or prohibit the trading in certain investment instruments, which entails the risk of decrease in their value and liquidity. In accordance with Directive 2014/59 / EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, and related legislation, there may occur further write-downs or conversions of certain investment instruments issued by credit institutions or investment firms companies, as well as the irrecoverable write-down or conversion of their liabilities capable of being written-down. This may result in a reduction in the value of investments in certain debt or equity instruments issued by such persons, in the reduction of the value of their creditors' claims as well as in the full loss of such investments or receivables.

This is not a complete list of the risks associated with investing in the given investment instruments. The Client shall always carefully consider whether he is aware of and prepared to bear these risks and, if in doubt as to the consequences or acceptability of these risks, shall communicate this to the Bank in advance. More details or explanations of the risks associated with an investment instrument and possible protection against these risks will be published by the Bank or communicated to the Client

prior to the signing of the relevant agreement concerning the specific investment product, or shall be communicated by the Bank to the Client upon the latter's request.

6. INFORMATION ON THE TOTAL PRICE FOR PROVIDED INVESTMENT SERVICE AND OTHER COSTS

Details on fees or any other costs are specified in the applicable list of charges of Citibank Europe plc or in a special written agreement with the Client. Where the exact total price cannot be established using the applicable list of charges or the special written agreement with the Client, the Bank shall at least specify the base from which the total or final price will be computed so that the Client can verify this amount. The Client is also aware that in connection with an investment service or investment instrument deals the Client may incur additional costs (i.e. those not expressly established in the applicable list of charges or a special agreement between the Bank and the Client), including taxes (such as capital property income tax), which the Bank does not pay or even charge to the Client since they are the responsibility of the Client as provided under the legislation in force. If required to do so by Legal Regulation, the Bank shall provide the Client with information about the total cost of the provided investment service and other costs provided the Bank has a lasting relationship with the Client, also on a regular basis throughout the life of the investment, at least once a year.

7. INFORMATION ON THE PROTECTION OF CUSTOMER ASSETS

Any investment instruments that are customer assets as defined by the Legal Regulations and have been entrusted to the Bank by the Client are, under the terms and to the extent as defined in the relevant legislation, protected under the rules of the guarantee system established and existing in Ireland - Investor Compensation Scheme operated by Investor Compensation Company Ltd, website: <http://www.investorcompensation.ie>. Investor Compensation Company Ltd is a legal entity (corporation) established and existing under the laws of Ireland and pursuant to the relevant statute (the Investor Compensation Act 1998). Investor Compensation Company Ltd operates a guarantee system to pay out compensation to customers of investment companies which are unable to pay their debts owed to their customers (i.e. a member of the Investor Compensation Company Ltd becomes unable, due to their financial situation, to meet their obligations to deliver assets - funds or investment instruments - to customers). The Bank has published details on the guarantee system operated by Investor Compensation Company Ltd. and shall publish any changes thereto on its Internet webpages www.citibank.cz.

The Bank does not participate in the guarantee system as provided in the Czech Republic by the Securities Traders Guarantee Fund (*Garanční fond obchodníků s cennými papíry*).

The Bank, when holding Client's investment instruments, applies the basic principles for ensuring their protection, which consists, without limitation, of:

- (i) maintaining a clear and accurate internal registry of investment instruments held for Clients;
- (ii) setting up secure rules for accepting of orders concerning held investment instruments, in particular in relation to their handling;
- (iii) arranging for regular reconciliation of internal records of investment instruments;
- (iv) internal audit monitoring the adequacy of systems designed to protect Clients' investment instruments and satisfaction of these audits;
- (v) the recruitment of sufficiently qualified staff and the training of staff ensuring a sufficient degree of professionalism;
- (vi) the choice of third parties through which the Bank will hold the Client's investment instruments with professional care.

The Client is aware that their investment instruments may be held by a third party in the name of the Bank, usually with respect to the Client's investment instruments issued abroad or any other instruments that may be maintained in omnibus or nominee accounts opened in the name of the Bank with the relevant entity keeping records of investment instruments or the depository. Such (omnibus) accounts may be subject to the legislation of a state which is not a Member State of the European Union, and the rights to the investment instruments may be different due to this fact. In case that the

Bank keeps the Client's investment instruments in omnibus accounts with third parties, the individual rights of the Client may not be separately identifiable by special documents or their electronic records and, in the event of insolvency of the relevant third party (other customers sharing the same omnibus account, central clearing counterparty, parties holding investment instruments, etc.) or the Bank or, in the event of any other failure to meet the debts of such parties or the irreversible decrease in the value of the investment instruments of other customers sharing the omnibus accounts, Clients whose investment instruments were commingled on the omnibus accounts could participate on the losses proportionally to the value of their assets on an omnibus account.

Investment instruments issued in the Czech Republic are normally recorded in the accounts of individual customers in records linked to separate investment instrument records or records linked to central investment instrument records as maintained by the Bank; some of these instruments, however, may be recorded on behalf of customers directly with the relevant person (other than the Bank) keeping records of investment instruments in the Czech Republic (such as Centrální depozitář cenných papírů, a.s. or SKD system of the Czech National Bank etc.).

The Bank shall observe the applicable legal regulations with respect to holding the customer's assets, including the duty to separate the investment instruments held for the Client from the assets of other customers or the Bank's own investment instruments, the duty to carry out reconciliation with respect to customer assets held with a third party, etc. More details on the liability of the Bank in the case the Client's investment instruments held with a third party may be set out in a written agreement with the Client; as a rule, the relevant legislation or the market practices of the foreign entity in question that keeps investment instrument records, settlement centre or the foreign depository shall also apply in relation to investment instruments abroad.

As foreign legislation or practices may vary with respect to risks involved or the degree of protection granted to customer assets, it is impossible for this document to provide detailed specification of the relevant rights and duties, including the liability of the foreign entities keeping investment instrument records, settlement centers or depositories. In connection with this, the Client is aware that their investment instruments may be maintained collectively in customer accounts maintained in the name of the Bank and that this may also involve certain risks, such as that the relevant foreign laws or business practices may not establish requirements for the given entity comparable to Czech statutes, which may generate the risk that customer assets may be included in bankruptcy assets. The Bank will take the necessary steps to ensure that Clients' investment instruments deposited with third parties are identifiable separately from investment instruments belonging to the Bank and / or such third parties, but in case such separate identification is not allowed by third-country legislation, investment instruments will not be subject to the client assets protection provisions of Directive 2014/65/EU on Markets in Financial Instrument, and related legislation. In these cases, the client is in particular exposed to the risk that, in the event of insolvency of a third party, the client's investment instruments will be included in the insolvency estate of that third party as an insolvent entity, resulting in the fact that the Client may have only an unsecured claim against that third party and may thus lose all or part of its investment instruments held in this way or, respectively, its claims towards these third parties.

The Bank may hold, in relation to the Client's investment instruments or funds, a right to set-off or liens or retention or other rights to secure the Client's debts owed to the Bank, though exclusively under the terms of the legislation in force and in accordance with a written agreement with the Client. A similar right may also be asserted in accordance with the relevant foreign laws or market practices in relation to the Client's investment instruments held in the name of the Bank by the foreign entities keeping investment instrument records, settlement centers, or the depositories, with the existence of these rights usually being a precondition for the provision of the services in question by these foreign entities. Only if the laws of third countries, rules and practices of markets, settlement systems or depositories require such rights to be exercised, such rights may be exercised or provided by the Bank, also in relation to the securing of receivables of these third parties that are not related to the Client or providing investment services to the Client. In the event of exercising such rights not related to the Client or providing investment services to the Client, the Bank or the Client would have only an unsecured claim towards these third parties. The Client would be at risk of the investment instruments or other property received from a third party not being sufficient to fully satisfy the Client's claims, although the Client would have performed all his debts properly and in a timely manner.

The Bank shall not use, without the prior consent of the Client, the Client's investment instruments for transactions on the Bank's own behalf or behalf of a different customer.

Client's funds will be maintained with the Bank as a credit institution (bank) within the meaning of the Legal Regulations, and not as funds of customers of other investment firms that are not banking institutions (banks).

If the Bank enters into a title transfer financial collateral arrangement with the Client categorised as a professional client or eligible counterparty, the Client will be exposed to increased risks. The Client will, in accordance with the terms of such an agreement, cease to be the owner of the collateral provided and acquire a corresponding unsecured claim against the Bank. Thus, the client will be exposed to the Bank's credit risk, the satisfaction of the claim will depend on the Bank's ability to pay the corresponding debt. In the event of bankruptcy or other default of the Bank, such receivable of the Client may be satisfied only partially or not at all. The receivable may also be written off or converted in the event of intervention by the relevant regulator imposing measures to resolve the Bank's crisis. Furthermore, the claim may not be subject to the same protective measures as would be stipulated by law to protect the collateral provided (for example, in the case of deposit protection scheme claims or other guarantee schemes). As a result of these risks, the Client, when concluding title transfer financial collateral arrangements, may lose part or all of its assets provided to the Bank.

Upon request, the Bank shall provide the Client with additional information regarding the protection of its investment instruments.

8. INFORMATION AS TO THE CONTENT OF THE OBLIGATION RELATED TO THE INVESTMENT SERVICE REQUIRED, INCLUDING TERMS AND CONDITIONS

Rights and obligations of the Bank and the Client in respect of any investment service are governed in separate agreements between the Bank and the Client. Rights and obligations of the Bank and the Client may also be governed by the relevant business terms and conditions of the Bank, which form a part of the respective agreement. The Bank shall provide the Client with the text of the relevant agreements in sufficient time advance of the signing of the particular agreement.

9. INFORMATION AS TO CLASSIFICATION OF CUSTOMERS, ADVICE CONCERNING RECLASSIFICATION, AND RELATED LIMITATIONS ON CUSTOMER PROTECTION

The Bank shall classify the Client in the appropriate category in accordance with the Legal Regulations. The Legal Regulations provide the following categories: (i) customers that are not professional (non-professional customers); (ii) professional customers; and (iii) professional customers with whom the Bank is under no obligation to observe the relevant rules for dealing with customers (the eligible counterparty) when providing certain core investment services.

The Bank provides minimum necessary protection to eligible counterparties. The Bank must provide a medium level of protection to professional customers.² Non-professional customers must be provided by the Bank the maximum level of protection as set out in detail in the Legal Regulations.

The following are the fundamental reasons and differences in treating non-professional as opposed to professional customers:

- (i) more detailed and extensive information and advice to be provided;
- (ii) detailed testing of appropriateness of provided investment instrument and services, without assuming sufficient knowledge and experience automatically;
- (iii) more detailed structure of providing information about the customer's assets.

The main differences in the treatment of an eligible counterparty as opposed to a professional customer are that the Bank is not obliged to comply with the relevant rules of the Legal Regulations governing the conduct towards customer while providing investment services of reception and transmission of orders, execution of orders and dealing on own account, including but not limited to:

- (i) ensuring the best execution of orders and processing of orders in accordance with the specific requirements of the Legal Regulations (see points 10 and 1 below);
- (ii) performing appropriateness test while providing investment instruments and investment services;
- (iii) adhering to the rules on receipt and provision of incentives (see point 11 below);
- (iv) complying with certain rules regarding the Bank's obligation while creating and offering or recommending investment instruments; or
- (v) complying with certain customer information rules.

Inclusion in a particular client category impacts the level of protection and may also have an impact on the range of services or investment instruments and other products offered by the Bank. If the Client disagrees with the category under which they have been classified, the Client may request that the Bank review the background information used in the classification.

Subject to approval by the Bank and provided that certain requirements (primarily the quantitative limits) set out in the Legal Regulations have been fulfilled, the Client may apply for reclassification from a non-professional customer to professional customer. This reclassification is also associated with the loss of the existing level of protection and the level of treatment (see above), the Bank may, in relation to the professional customer, perform some information obligations to a smaller extent than in relation to non-professional customer, and this change may also result in a loss of entitlement to the

² "Professional Customer" refers to:

- a) bank,
- b) savings and credit (loan) union,
- c) securities dealer,
- d) insurance company,
- d) reinsurance company,
- f) investment company,
- g) investment fund,
- h) pension company,
- i) other entity which exercises its business activities in the financial market on the basis of an authorization granted by the financial market supervision authority or by a registration in the register by the financial market supervision authority, in particular the persons listed in Section 2a (1) (i) of the Act on Undertaking on the Capital Market,
- j) a person whose principal activity is securitization,
- k) a person who trades on his/her own account with the investment instruments in order to reduce risk (hedging) in relation to the securities trades mentioned in Section 3 (1) (d) to (k) of the Act on Capital Market Business, and this activity is one of his/her critical activities,
- l) a person who trades on his/her own account with the investment instruments listed in Section 3 (1) (g) to (i) of the Act on Capital Market Business or commodities, and this activity is one of his/her critical activities,
- m) a corporation which is licensed to manage the public assets in the course of arranging for purchase, sale or administration of its claims or other assets, or the restructuring of the trading companies or other corporations with state or public capital participation,
- n) a foreign person with similar activity as one of the persons referred to in Items a) to m),
- o) state or a member state of a federation,
- p) Czech National Bank, foreign central bank or European Central Bank,
- q) The World Bank, the International Monetary Fund, the European Investment Bank or other international financial institutions,
- r) a legal entity established for business purposes, which, according to the latest financial statements meets at least 2 of the 3 criteria, namely:
 - 1 - total amount of assets equals to at least EUR 20,000,000
 - 2 - total net annual turnover equals to at least EUR 40,000,000
 - 3 - equity capital equals to at least EUR 2,000,000.
- s) a foreign person established for business purposes who satisfies the conditions set out in point (r)

compensation (indemnification) from the foreign guarantee system with a similar aim as that operated by the Czech Securities Traders Guarantee Fund (i.e. in the case of the Bank from the system operated by the company Investor Compensation Company Ltd.).

The Client categorised as the professional customer may also apply in writing to be placed in the category of eligible counterparties. Should the Bank agree with such a change in the category, it would lead to the above-mentioned limitation of the level of protection provided by the Bank.

Clients that are not non-professional customers may also apply for reclassification from a category with a lower level of protection to one with a higher level of protection. In this case the Bank is also under no obligation to grant such reclassification (except when requested by a Client originally in the non-professional customer category).

If the Client wishes to request a higher level of protection by the Bank in connection with a particular investment service or instrument, the Client may do so without affecting its right to apply for reclassification between customer categories.

10. INFORMATION ON RULES FOR EXECUTION OF ORDERS AND ON COMMINGLING OF ORDERS

Information on the rules for the execution of orders, as well as information on the commingling of orders and trades and the possible consequences of commingling is published and provided by the Bank to the Clients in a separate document.

11. INFORMATION ON INCENTIVES

While providing investment services the Bank may provide payment or other monetary or non-monetary benefit (hereinafter the “**incentive**”) on a regular or irregular basis if this concerns:

- (a) incentive paid out or provided by the Client, for the Client or paid out to the Client;
- (b) incentive paid out to or on behalf of the third parties or provided by or on behalf of the third party, with the following conditions satisfied:
 - (i) prior to being provided the investment service, the Client has been in detail, clearly, precisely and comprehensibly informed by the Bank of the existence, nature, amount or value of the incentive or of how this incentive is computed if the amount or value of the incentive cannot be established in advance;
 - (ii) the incentive must be arranged in a manner that:
 - enhances the standard of the service provided to the Client and does not violate compliance with the Bank’s duty to act with professional care and in the best interests of the Client; or
 - allows for provision of investment services or is necessary for this purpose and its nature is not in contradiction with the duty to act with professional care and in the best interests of the Client, including without limitation the payment for the safekeeping, the settlement fee, the fee to settlement venues, an administrative fee or legal service fee.

If the incentive does not satisfy the conditions above, it must not be accepted or provided. If the Bank accepts or provides incentives that satisfy the conditions above, the Bank shall inform the Client of these incentives in an appropriate manner.

12. COMMUNICATION RECORDING

Under the Legal Regulations, the Bank is required to keep records of telephone calls and electronic communication between the Bank and the Client that lead or may lead to transactions entered into by the Bank on its own account or to transactions based on acceptance, transfer or execution of the Client's order. The Bank keeps these records for at least five years or for at least seven years if the Czech National Bank decides on such a longer record keeping. During this period, the Bank shall provide the Client with copies of these records upon request.

13. FINAL PROVISIONS

This document is intended for informational purposes only and the Banks makes no offer to conclude an agreement herein.

This document is effective only in relation to the Bank's business activities in the Czech Republic.

Information in this document, (i) that is not intended for the Client personally, (ii) the provision of which using a remote access is a reasonable practice established or envisaged to be established between the Bank and the Client, and (iii) if accessible to the Client at any time for a period of time adequate to its purpose, and information about change thereof, if such a change is relevant to the service provided by the Bank to the Client, shall be provided by the Bank to the Client in a manner allowing a remote access, i.e. on the website www.citibank.cz.