

# **Information on Basic Rules of Providing Investment Services in Compliance with the European Legislation**

**SLOVENSKÁ**   
sporiteľňa

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## Introduction

This document focuses on providing the client with basic information and notes to investment services, investment activities and ancillary services in relation to financial instruments provided by Slovenská sporiteľňa, a.s. The financial instrument term refers, in particular, to securities (e.g. shares, bonds and mutual fund shares) and derivatives (valuable rights relating to e.g. currencies or interest rates).

Slovenská sporiteľňa, a.s. recommends the clients to study this document in their own interest before being provided any investment service and to become familiar with other information referred to in this document.

MiFID represents the abbreviation of the English name of the Directive No. 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, which came into effect in 2007 - Markets in Financial Instruments Directive (MiFID).

On 3 January 2018, the new MiFID legislation came into force, the Directive No. 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (hereinafter referred to as "MiFID II Directive"), along with Regulation of the European Parliament and of the Council No. 600/2014 of 15 May 2014 and related regulatory technical standards (hereinafter referred to as "MiFID II").

In Slovakia, MiFID II is transposed to the Act No. 566/2001 Coll. on Securities and Investment Services, amending and supplementing certain acts (hereinafter the "Securities Act").

### Main objectives and contributions of MiFID II for the client:

- improved protection and provision of information, in particular to non-professional clients
- increased competition among banks and securities brokers within the European area and thus improvement of quality and prices of services for the client
- enhanced competition and transparency among individual market operators (especially stock exchanges), again to improve the quality and price of the service for the client

In addition to MiFID II Regulation, on 1 January 2018 the Regulation of the European Parliament and of the Council No. 1286/2014 of 26 November 2014 came into effect on key information documents for packaged retail and insurance-based investment products (PRIIP), which aims to ensure greater transparency of individual

investment products for clients and their comparability with other investment products through the introduction of the so-called key information documents (hereinafter the "KID"). The Bank shall provide KID to the client before providing the investment service.

KID includes:

- product data, in particular the product type, its parameters and for who it is intended
- product risk information, in particular product risk indicators and performance scenarios
- product cost data
- recommended holding period

The individual KIDs are available on the Bank's website ([www.slsp.sk/kids](http://www.slsp.sk/kids)).

### Legal Entity Identifier (LEI)

it is a unique 20-digit identifier required by European Union law for legal entities trading in the financial market that must be identified by a LEI code when executing and reporting certain transactions in financial instruments. Using the LEI, entities can be accurately, unambiguously and unmistakably identified worldwide. Each entity may be assigned only one LEI during its existence.

An entity can apply for LEI assignation at the so-called local operator (LOU). A natural person who carries out trading or other business activity (self-employed) is likewise entitled to use a LEI in accordance with European Union law.

**Centrálny depozitár cenných papierov SR, a.s.** (Central Securities Depository of the Slovak Republic) fulfills the LOU's tasks and allocates LEIs to legal entities. However, LEI may be also assigned by any other entity authorised to assign LEI codes.

## 1. Information on Slovenská sporiteľňa, a.s. as a securities broker

In accordance with the Securities Act, Slovenská sporiteľňa, a.s. (hereinafter referred to as the "Bank"), as a securities broker under the MiFID II Directive, hereby provides you with the following information:

Information on the Bank as a securities broker:

### 1.1. Registered office

Slovenská sporiteľňa, a. s.  
Tomášikova 48  
832 37 Bratislava  
Company ID: 00 151 653  
Commercial Register of the Bratislava III City Court, Section: Sa, File No. 601/B

VAT ID: SK7020000262  
TAX ID: 2020411536  
SWIFT code: GIBASKBX  
LEI: 549300S2T3FWVVXWJ189

### 1.2. Contacts

Operator: + 421 2 58 50 31 11,  
+ 421 2 58 50 41 11  
Client Center (24/7 Sporotel service):  
\*0900, 0850 111 888 (+421 2 5826 8111),  
+421 915 111 888, +421 910 111 888  
e-mail: [info@slsp.sk](mailto:info@slsp.sk)

### 1.3. Licence

The Bank, as a securities broker, has been licensed by the Financial Markets Authority, Vazovova 2, 813 18 Bratislava to provide investment services under the license GRUFT – 015/2002/OCP. Please note that all powers of the Financial Markets Authority with respect of the Bank as a securities broker have been transferred to the National Bank of Slovakia, Imricha Karvaša 1, 813 25 Bratislava.

### 1.4. Communications

In the business communication with the Bank the client may use the Slovak language. Subject to the agreement between the client and the Bank, in special cases it shall be possible to use the English in the business communication. The form and conditions of the communication shall be agreed upon by the Bank and the client. In certain cases the client may communicate with the Bank also by post or by electronic communication media (fax,

telex, e-mail or other electronic media), in addition to communication in person.

In connection with the fulfillment of obligations under the Securities Act, the Bank records phone conversations and electronic communications with clients relating to clients' instructions associated with transactions in financial instruments. The Bank also makes a record of a personal meeting with the client whose subject is the provision of investment service.

The Bank likewise records communications that are undertaken to provide investment services but do not result in the conclusion of a transaction in financial instruments.

At the client's request, the Bank shall provide the client with a copy of such records, at the client's expense. The copies of the records are available to clients for a period of five years of their production.

## 2. Client Categorisation

Under the Securities Act and depending on the level of protection provided to clients, the Bank differentiates between

- non-professional client,
- professional client, and
- eligible counterparty.

Each of these categories corresponds to a certain level of client protection.

Depending on the category, the act defines the scope and contents of information which the Bank is required to provide you with before performing any operation involving financial instruments. Under the act, whoever is categorised as a non-professional client shall be considered to be a client enjoying the highest level of protection.

### 2.1. Categories

The detailed criteria for categorisation of clients based on their knowledge, experience and, in the case of legal entities also according to the size and type of the company, are laid down in the Securities Act.

- **Eligible counterparty**, under Section 73u (2) of the Securities Act, it is a client belonging to one of the following types of clients: securities broker, lending institution, insurance company, asset management company, etc.
- **Professional client**, under Section 8a (2) of the Securities Act, it is a client possessing professional expertise, experience and knowledge to make its own investment

decisions and to duly assess the risks associated with them. This particularly includes a securities broker, financial institution and a large trading company with assets reaching at least EUR 20 million, net annual turnover of at least EUR 40 million and total equity of at least EUR 2 million, with at least two of the aforementioned conditions being met.

- **Non-professional client**, under Section 8a of the Securities Act, it is a client that does not meet the criteria stipulated by law for being classified in the professional client or eligible counterparty category in the provision of investment products or services.

If you require a higher or lower level of protection than the one assigned to you by the Bank based on the categorisation principles, you are entitled to request to have your category changed.

The change of category from a professional client or eligible counterparty to non-professional client category shall take place based on a written contract.

The change of category from a non-professional client to a category with a lower level of protection (professional client or eligible counterparty) shall take place provided that you meet the requirements stipulated by law.

The Bank shall notify the clients investing their funds in financial instruments of their inclusion to the respective category either in the form of a letter, concluded contract or by a bank statement.

In the event that the Bank has categorised you as a professional client or eligible counterparty, we assume that you are familiar with the majority of information contained in this document.

### 3. Proportionality and Suitability Test

#### 3.1. Proportionality

When receiving and assigning your order relating to a financial instrument or when executing it on your account, the Bank shall be required to obtain from you the information on your investment knowledge and experience regarding a particular type of offered or required financial instrument or investment service so that the Bank is able to determine whether it is sufficient with respect to the risks involved and whether they are proportionate to you. You may provide this information to the Bank by taking the proportionality test. If you choose not to provide the requested information, the Bank shall not be able to determine whether the

requested financial instrument or investment service are proportionate to you.

If, with respect to a non-complex financial instrument, you apply for a provision of an investment service consisting of accepting and assigning an order or executing it on your account, the Bank shall not assess the proportionality of the provided financial instrument or investment service, which means that you will not enjoy the benefit of appropriate protection based on the applicable provisions of the Securities Act on the rules governing the Bank's activities as a securities broker in relation to clients.

### 3.2. Suitability

In providing investment advice or investment portfolio management service, the Bank is required to obtain information from you on your knowledge and experience in investing, as well as on your financial situation, including information on your ability to bear the loss and on your investment objectives. You may provide this information to the Bank by taking the suitability test by completing the investment questionnaire. Based on the evaluation of answers provided in the investment questionnaire, the Bank shall assess the suitability of the investment service and financial instruments, so that they match your preferences, needs and other characteristics.

### 4. Investment Advice

Investment advice is the provision of personal recommendation to the client at the client's request or at the initiative of the Bank in connection with the purchase or sale of a financial instrument.

The Bank may provide clients with investment advice on a dependent basis, which is based on the assessment of suitability of a selected group of financial instruments, in particular those issued or provided by persons from the Bank's group. This is a one-time investment advice where the Bank, based on the evaluation of the client's investment questionnaire, recommends appropriate financial instruments to the client in the form of an investment offer with limited validity. The investment advice is provided by the Bank for a purchase of a financial instrument, not for the sale or holding thereof.

The Bank shall not periodically review the suitability of the recommendation provided in the form of an investment offer and neither provide regular suitability assessment in relation to an investment offer.

In cases where the Bank does not explicitly provide investment advice, it shall be understood that it

provides investment services other than investment advice.

In cases where the client purchases or sells a financial instrument that has not been recommended to the client as suitable directly in the investment offer, it shall be understood that the Bank provides investment services other than investment advice. Therefore, the evaluation of the investment questionnaire and the investment offer may not automatically mean the provision of investment advice for any purchase or sale of a financial instrument.

The Bank provides investment advice on a dependent basis free of charge.

## 5. Financial Instruments and Associated Risks

The financial instruments governed by the MiFID II Directive include, in particular:

- Shares
- Bonds
- Mutual fund shares
- Secured deposits
- Structured products
- Options
- Warrants
- Futures
- Financial instruments traded on OTC markets
- Investment certificates
- Subscription rights

### Share

A substitutable security representing an interest in the company's share capital. It entitles its holder to participate in the company's management, profit and in the liquidation balance.

### Bond

A security entitling the holder of this security to be paid the nominal value of the amount owed and yields on the bond on the set due date and binding the bond issuer to meet such obligation.

### Mutual fund share

A security entitling the holder (shareholder) to a corresponding share in the assets of a mutual fund and to participate in the yields from these assets.

### Secured deposit

A one-off deposit for a pre-determined fixed term with the option of early withdrawal of the funds. Its yield depends on a certain underlying asset such as shares, stock exchange indices, commodities, etc.

### Structured product

A financial instrument composed of two or more financial instruments, such as investment certificates or structured bonds.

### Option

A financial instrument whose holder is entitled, but not required, to buy or sell the agreed upon amount of an underlying asset under the pre-determined conditions and for a pre-determined price.

### Warrant

A financial instrument enabling the holder to buy from the warrant issuer an underlying asset (most frequently the issuer's share), to which the warrant is linked. Upon issuing the warrant, the issuer sets the warrant execution price. Such price is usually higher than a market price of the underlying asset. On the secondary market, a warrant acts as a common stock and its price development is linked to the development of the underlying asset. A warrant has properties similar to those of an option but is usually issued for a longer period of time.

### Futures

A forward trade traded on an organised market. Its underlying assets may include securities, indices, interest rates, currencies, commodities, etc.

### Financial instruments traded OTC

This group consists of those financial instruments that are not traded on organised financial markets (swaps, forwards, options, structured trades, etc.) and, therefore, the Bank trades in such instruments on its own account and normally does not accept orders for mediating trading in these financial instruments.

### Investment certificate

A financial instrument linked, similarly to the warrant, to a certain underlying asset, its price developing depending on the underlying asset's price development. The underlying asset is most often a share index. However, it may also be a selected basket of shares, separate share with limitations, yield curves, exchange rates, commodities etc.

### Subscription rights

Where certain conditions are met, it may be a financial instrument entitling the owner to purchase the company's shares in additional primary issues. A subscription right may be, but does not have to be, exercised and it is tradable on secondary markets.

For the purposes of performing a proportionality test, MiFID II distinguishes between complex and non-complex financial instruments.

Non-complex financial instruments are those that do not contain any derivative or structure making it difficult for investors to understand the potential

risk. Non-complex financial instruments include, in particular:

- standard shares admitted for trading on a regulated market, equivalent market in a non-member state or in a multilateral trading facility;
- standard bonds or other debt securities admitted for trading on a regulated market, equivalent market in a non-member state or in a multilateral trading facility;
- mutual fund shares issued by standard mutual funds other than structured mutual funds;
- standard money market instruments other than those containing a derivative;
- and structured deposits.

Complex financial instruments may be any financial instruments that are not defined by the applicable legal regulations as non-complex financial instruments. Simply put, complex financial instruments are those that contain a derivative or with which the opportunity to sell is rare. Examples include options, futures, swaps, forwards, investment certificates or shares of alternative mutual funds.

Information on possible scenarios of risky derivative transactions are published on the bank's website in the section:

/Terms and conditions/Other useful information on products/Securities and investment products.

## 5.1. Risks associated with trading financial instruments

- The returns and profit from each investment, if any, depend on the risks associated with such investment. A potentially higher profit comes with a greater risk and a lower probability of the return on investment.
- Irrational behaviour of investors and analysts and unpredictable random events may influence the price and thereby also the return on and profitability of an investment.
- The risk level depends on the period of duration of an investment.
- Past price performance does not guarantee the same price development in the future, and any past profits do not guarantee future profits.
- Investing funds into various types of assets within an investment portfolio may reduce the risk of return of such invested funds.

- The Bank does not recommend investing funds acquired from a provided loan since in such case achieving profit is usually associated with a greater risk and such profit is greatly reduced by interest on the loan.
- The client is fully liable for due payment of taxes in connection with the client's investments. The Bank does not provide consulting on yield taxation.
- When investing in such type of assets (notably securities) which are not frequently traded or are traded in large volumes or are not traded on an organised market, it may be impossible for a client to execute a trade within the time period set by the client or the price of such trade executed at the time set by the client may be disadvantageous for the client.
- The risk associated with the execution of buy or sell orders or instructions depends on the conditions specified in such order or instruction, and such conditions may or may not, on a case-by-case basis, meet the conditions of the organised market, while the conditions on organised markets may change over time and differ from each other.
- When investing in assets denominated in foreign currencies, the risk of fluctuating currency exchange rates is associated not only with investments redeemable in such foreign currencies but also with assets denominated in foreign currencies and traded in the local currency because their price usually depends on the exchange rate movements of the currency, in which they are denominated.
- Having a lower reliability classification level to repay liabilities (rating) means to pay a higher interest on borrowed funds. A higher yield than the yield on funds borrowed on the money market is only associated with debt securities (i.e. securities that entitle the holder to a certain amount of money to be paid at a certain future date) with a greater risk of funds recovery.
- The price of debt securities depends not only on their yield or on the issuer's financial results, but also on the interest rate movements and on the developments on the market where such securities are traded.
- If a borrower (issuer) becomes insolvent, then the money invested into debentures issued by such borrower may be partly or completely lost and may bring a financial loss to the investor.
- The price movements of shares depend not only on the company's business results but also

on the situation and developments on the market where the shares are traded. If a company becomes insolvent, then the money invested in the shares issued by it may be partly or completely lost and such investment may mean a financial loss for the investor.

- The risk of investing funds in mutual fund shares lies in their redemption by the fund and in the fund's investment strategy, i.e. the assets in which the fund may invest (e.g. only debt securities maturing within 1 year, only bonds, only shares, only shares in other mutual funds, various combinations thereof). In the case of shares in an open-ended mutual fund managed by an asset management company in Slovakia, the law requires the Slovakia-based management company, which has issued the shares, to redeem the shares upon the shareholder's request.
- A pre-determined payment to be made at an agreed upon future date and in the agreed upon amount or interest entails the risk that in the future the same trade could be made at a much better price or interest, and such payment of the pre-determined amount will be a loss-making trade. The difference between the price or interest in the future and the pre-determined price or interest agreed upon in advance could be unlimited, i.e. the possible loss from the pre-determined payment of a certain sum of money or interest at a certain agreed upon future date is unlimited.
- Investment of funds into rights (options) with a pre-determined expiry date, i.e. rights to a pre-determined payment or delivery at an agreed upon future date for a pre-determined price or interest entails the risk of loss of up to the full amount of such invested funds. Providing such right (option) entails a possible unlimited loss. The risk of the proper and timely execution of such right (option) is born solely by the client. Due to the fact that the Bank is not required to notify or advise the client of when and how the client should exercise the client's right, the client is recommended to pay adequate attention to this issue and to keep appropriate records for this purpose and to notify the Bank duly and timely of the client's investment decision to exercise its right (option).
- The risks associated with a financial instrument composed of two or more financial instruments or services may be greater than the risks associated with only one of these financial instruments.
- The client understands that when procuring funds in a foreign currency and in currency

conversion the client must take into account potential changes in the exchange rate.

- With certain financial instruments, the client's order to buy them may be conditioned by depositing and maintaining a security in the amount that does not depend solely on the Bank's decision.
- The Bank shall not be required to terminate any transaction prematurely or to perform any opposite transaction (counter-transaction), not even if there is a potential loss for the client from the concluded transaction.
- If the client enters into a derivative transaction to hedge against the risk of loss from the movement of the market price or the market rate of another transaction, the client will not be able to participate in the profits arising from future movements of this price or this client's option may be limited depending on the terms of a particular transaction, or it may be reduced by the costs the client has to incur in connection with concluding the transaction.
- Changing the terms of the transaction, the risk of loss which the client wishes to limit by concluding a certain transaction (hedging transaction) does not automatically change the terms of the given transaction. An unforeseen loss may incur to the client without any special agreement on changing the terms of the hedging transaction.
- It is the Bank's understanding that the client is familiar with the terms of execution of transactions referred to in the client's agreement, including the risks associated therewith, and while taking into account the results of the categorisation carried out by the Bank, the client is interested in these types of transactions that the client intends to enter into to generate profit resulting from the movement of the purchase and sale price of a financial instrument or underlying asset (hereinafter "appreciation") and/or to hedge against the risks arising from market price movements in other transactions (hereinafter the "hedging").
- It is the Bank's understanding that in concluding derivative transactions with the client, the client enters into such transactions for the purposes of hedging and/or for appreciation purposes. Accordingly, the Bank assesses the proportionality of a derivative product for the client in the view of the client's experience and knowledge.
- The risks associated with concluding derivative transactions for hedging purposes and/or for appreciation purposes, which need to be taken

into account by the client when deciding on these transactions:

The conclusion of a derivative transaction for hedging purposes, its modification or cancellation does not change the terms of the transaction, the risk of which a derivative transaction is intended to limit (hereinafter the "underlying transaction"). Any change or cancellation of the underlying transaction must be agreed separately;

If the underlying transaction changes, expires or is not concluded within the expected period, in whole or in part, this shall not automatically mean a change or cancellation of the applicable derivative trade. Any change or cancellation of a derivative trade must be agreed separately. Without agreeing on such change or cancellation, unforeseen losses may arise, even in an unlimited amount, and such trade may be considered a non-hedging (speculative) trade;

The liabilities and receivables arising from a derivative transaction and from an underlying transaction shall be settled separately. The fact that a client's receivable from a underlying transaction has not been paid shall not relieve the client of the obligation to meet the liabilities from a derivative trade, using which the client hedges the given transaction;

In the case of negotiating a derivative transaction for hedging purposes (depending on the type of a specific transaction), the possibility to participate in profits arising from the movement of the market price from underlying transaction will be wholly or partially limited in the future;

If the agreed terms of the derivative trade and the underlying transaction are not in accordance (e.g. nominal value, due date, expiry date, total maturity, etc.), the risk of a loss arising from the underlying transaction may not be fully eliminated and such derivative trade may become speculative in its nature;

The price, at which the client enters into a derivative transaction at a particular moment, may differ from the price, at which it might be possible for the client to conclude that transaction in the future (it may be a more favourable or a worse price);

With certain types of derivative transactions (options), the possible profit from a market price movement from the underlying transaction may be reduced by the option premium paid;

Where a derivative transaction includes a condition, fulfillment of which results in the

cancellation of the derivative transaction or certain rights or obligations arising therefrom, the fulfillment of this condition may at the same time result in the risk arising from the underlying transaction being unlimited or only partially limited;

Where the emergence of rights and obligations from a derivative transaction is linked to the fulfillment of a certain condition, its non-fulfilment may result in the risk arising from the underlying transaction being unlimited;

The Bank is entitled to require at any time the supplementation of hedging of a derivative transaction (regardless of the existence of the underlying transaction) and, under the terms and conditions of the agreement, the client shall be required to comply with this request to the amount specified by the Bank. If the client fails to submit the required collateral within the specified deadline, the Bank shall be entitled to prematurely terminate the transaction and settle the current loss or profit arising therefrom;

Any change or cancellation of a derivative trade may come with certain costs resulting from the market situation, which the client will be required to pay.

- The Bank is not required to cancel this transaction prematurely in the event of any imminent loss for the client from a derivative transaction;
- Concluding a derivative transaction for hedging purposes may not be appropriate for the client if the client has not entered into similar transactions in the past and, therefore, does not possess sufficient experience to be able to assess the risks thereof.

**• Bail-in**

The term "bail-in" refers to measures to recover and resolve a crisis situation, in which a financial institution (bank) may find itself in the event of significant deterioration of its financial situation where it is unable to meet its financial obligations, whether towards creditors, investors or depositors. The owners of securities issued by such financial institution may therefore suffer loss, in part or in full of their investment. The framework for recovery and resolution of crisis situations affecting credit institutions and investment firms is laid down in Directive No. 2014/59/EU of the European Parliament and of the Council of 15 May 2014, which is transposed in the Slovak Republic into the Act no. 371/2014 Coll. on resolution of crisis situations on the financial market, as amended.

The crisis resolution measures include:

- a) transfer of financial institution's assets,
- b) use of a bridging institution,
- c) separation of assets,
- d) capitalisation.

If the resolution body decides on a resolution procedure in relation to the bank, the shares or debt securities of the bank's instruments may get written off in whole or in part, or get converted into the bank's equity. The purpose of this procedure is to stabilise the concerned bank. In such case, the holders of shares and/or debt securities may suffer significant losses as the resolution body is entitled to reduce the nominal value or amount of the creditors' claims, and this without their consent, even to zero in extreme cases.

The loss absorption instruments would be used in the following order:

1. Shares and other financial instruments comprising equity
2. Subordinated bonds
3. Uncovered subordinated bonds
4. Uncovered financial instruments that are not subordinated bonds (e.g. uncovered bonds and investment certificates)
5. Deposits of legal and natural persons not covered by the Deposit Guarantee Fund.

Excluded from the "bail-in" mode are the deposits protected by the Deposit Guarantee Fund, covered bank bonds (covered bonds or mortgage bonds) and special assets (e.g. mutual fund shares).

For investors and bank's creditors, the "bail-in" process as described above may result in a partial or full loss of their investment. Under the resolution procedure, the sale of securities by their holders may be made more difficult or only possible at a significant loss of value of these securities.

## **6. Protection of Financial Instruments or Funds Entrusted by Client to the Bank**

### **6.1. Client's assets entrusted to the Bank**

The Bank registers the client's financial instruments separately from the Bank's own financial instruments, as well as from the financial instruments of other clients and separate from third-party financial instruments. The Bank maintains client's money on the client accounts which the Bank maintains for the clients in

accordance with concluded current account agreements and/or other contractual relations.

The Bank is entitled to deposit financial instruments of its clients to the account or accounts opened with a third party.

The clients' securities may be registered in the Central Securities Depository or with a foreign asset management company, either in an individual asset account held in the name of the client or in an aggregate account held for the Bank where the securities of the Bank's clients are collectively registered.

Unlike registering securities in an individual client's property account in the name of the client, the registration of clients' securities in a summary account held for the Bank is associated with the risk of transfer of the securities in the event that a client submits a sale or transfer order to the Bank with respect to the securities that are not yet credited to the client's account at the given moment, but are registered in the summary account as some other client's assets. The Bank eliminates this risk by rejecting the sale order or the transfer order on grounds of insufficient balance of the available securities.

### **6.2. Securities purchased on a local market**

The client's securities purchased in the Slovak market are normally registered in a special securities-holder's account maintained for the client by the Bank as a member of the Central Securities Depository under the Account Maintenance Agreement concluded between the Bank and the client. Where a custodianship investment service is provided, the securities may be registered in the holder's account.

Under the special Custody Agreement, the Bank may provide the client with the custody of the client's material securities.

The registration of securities purchased in the Slovak market is governed by legal regulations of the Slovak Republic.

### **6.3. Securities purchased on a foreign market**

The client's securities purchased on a foreign market are registered by a foreign depository selected by the Bank, usually on omnibus client accounts.

A possible risk of temporary unavailability of securities registered by a foreign depository on omnibus accounts is minimised by the Bank by making backup data registers on a regular basis

and by using applications and technical equipment from reputable suppliers, which make a complete or partial loss of records very unlikely. The Bank shall be fully liable for any eventual unavailability of the client's securities, if such unavailability is caused by unauthorised handling of these securities by the Bank, e.g. by reason of a technical malfunction or human error.

A foreign depository is selected from among reputable banks operating on the relevant foreign market, and the selection of the depository by the Bank is based primarily on the scope, quality and price of the depository's services provided to its clients, the manner of doing and settling trades, level of legal protection of the clients' assets, normal practices on the market of a given country, and other criteria relevant for the evaluation of the quality of provided services and protection of client assets.

The Bank likewise ensures the protection of the clients' assets through the provisions of agreements concluded with foreign depositories.

Clients' securities are held on a separate account with a foreign depository. The account is identifiable by a special designation thereby ensuring that the client assets are held separately from the Bank's assets.

Unless otherwise agreed between the client and the Bank, the Bank shall be liable for actions or omissions of the third party – the depository – in providing services to the clients, respectively for the consequences of the insolvency of such depository, just as if such services are provided by the Bank itself.

Registration of securities abroad is subject to legal regulations and standard business practices of the respective country.

## 7. Sustainable Investment Policy

### 7.1. Introduction to Sustainable Investment Policy

Our business includes support to responsible behaviour towards the society and the ethical dimension of the question whether what we do is right. Not creating any burden for the future generations is in accordance with the above principles and we define this ethical dimension as sustainable development.

The achievement of sustainable development means both positive impact on natural resources and the social responsibility applied by supporting employees in their local social activities and in

promoting diversity, respectively inclusion, which is likewise undoubtedly beneficial for business.

We shall communicate our intention to support the reduction of our carbon footprint, utilisation of renewable resources and our negative attitude towards any business with unacceptable impact on the environment to our employees, clients and shareholders, as well as to other stakeholders.

We shall support products reducing carbon footprint and the use of renewable resources and we shall not support any business with unacceptable impact on the environment or healthy development of the society.

### 7.2. Application of the Sustainable Investment Policy

Investing is no longer a mere question of assessing the ROI, risk or liquidity, but also sustainability and impact on the society as a whole in the long term, which question the responsible investors ask themselves.

To paraphrase the "Is what we do right?" question, in investing this question should be "Is it the right thing to investing in?".

What is investing respecting sustainable development?

Investing in sustainable development means supporting activities that are beneficial for the:

- environment, assessed by achieved energy efficiency, use of renewable energy sources, without negative impact on water or landscape, waste generation rates and the use of recyclable materials, emissions not burdening the environment, biodiversity and
- social area, contributing to the fight against inequality or promoting social cohesion, social integration and labour relations or investments in human capital or economically or socially disadvantaged communities

### 7.3. Extent of application of the Sustainable Investment Policy and taking into consideration of the risks of sustainable development and negative impacts on sustainable development

We shall apply the Policy to all structured investment products aimed at the non-professional client's market, either our own or third-party

products, so that these products observe the sustainable growth rules.

We shall assess the risks of sustainable development at the level of financial instruments before classifying them among products intended for investment services provided in the form of investment advice and at each revision of these products.

Given the short-term nature of leveraged structured products, as well as reverse products (e.g. turbo certificate, warrant, reverse structures), these can not be classified as sustainable or as products with an impact. However, even with these products we shall at least apply the ESG (Environmental, Social, and Governance) standards.

The ESG policy does not cover fixed/floating rate debt securities by reference interest rate (senior or subordinated).

#### 7.4. Attributes for investment decision-making reflecting sustainability

In the field of investment services provided in the form of investment advice, we shall distinguish whether a financial instrument is relevant in terms of ESG sustainability.

A product relevant in terms of ESG sustainability - shall meet the criteria that exclude environmental or social risk in the sustainability assessment (ESG) and shall have an (ESG) assessment rating.

#### 7.5. Sustainability Risks in Investment Decisions

Events or situations in the environmental, social, or governance areas that could occur and have a significant negative impact on the value of an investment represent a type of sustainability risk that needs to be considered in investment decisions. Sustainability risk can impact an economic sector or geographic region, and thus affect the value of investments or individual financial instruments in the portfolio. Lower representation of securities issued by entities not meeting sustainability criteria or their exclusion from the investment portfolio can mitigate or eliminate negative impacts of sustainability risks, thereby having a positive impact on investment returns.

##### Environmental Factors:

- Greenhouse Gas Emissions: Measuring total CO2 and other greenhouse gas emissions.

- Energy Efficiency: Assessing energy consumption and efforts to reduce energy consumption.
- Waste Management: Evaluating waste management practices, including recycling and disposal procedures.
- Water Consumption: Monitoring water consumption and efforts to reduce water usage.
- Pollution: Assessing levels of air, water, and soil pollution caused by the company's activities.

##### Social Factors:

- Labor Practices: Evaluating working conditions, employee relations, and fair wages.
- Diversity and Inclusion: Assessing workforce diversity and inclusion practices.
- Community Engagement: Measuring the company's engagement and impact on local communities.
- Human Rights: Ensuring the company respects and promotes human rights in its operations and supply chain.
- Customer Satisfaction: Evaluating how the company treats its customers and handles complaints.

##### Governance Factors:

- Board Composition: Assessing the diversity, independence, and expertise of the board.
- Executive Compensation: Evaluating how executive pay aligns with company performance and shareholder interests.
- Ethical Practices: Ensuring the company adheres to ethical business practices and has anti-corruption measures in place.
- Transparency: Assessing the company's transparency in reporting and communication with stakeholders.
- Shareholder Rights: Evaluating how the company protects and promotes the rights of its shareholders.

As part of investment advice, clients could indicate their preference for sustainable investment products. The investment recommendation for the client then corresponds to his interest in sustainable investments.

Our investment advice always meets at least the ethical standards according to our internal regulations and policies.

Investment products considering sustainability are categorized according to sustainability criteria.

## 8. Deposit Protection Fund and Investment Guarantee Fund

The funds entrusted by a client to the Bank are protected under the conditions laid down by Act No. 118/1996 Coll. on protection of deposits, amending and supplementing certain acts, by the Deposit Protection Fund, while the information on terms and conditions of deposit protection pursuant to Article 12(4)(c) of the said act has been published on the Bank's website at [www.slsp.sk](http://www.slsp.sk).

The client's assets, comprising monetary funds, structured deposits and financial instruments entrusted by a client to the Bank in connection with the provision of investment services or supplementary custodianship and management services relating to financial instruments, are protected under the protection system via the Investment Guarantee Fund, subject to the conditions laid down by the Securities Act. For more information on the terms and conditions of client protection under the Securities Act visit the Bank's website at [www.slsp.sk](http://www.slsp.sk).

## 9. Strategy of Executing and Assigning Investment Order

The strategy of executing and assigning the order aims to provide the client with a so-called "best possible result" of the executed investment order. Under the law, MiFID II imposes the obligation to perform a follow-up inspection of compliance with the principle of best possible result.

### 9.1. Strategy of executing and assigning orders

The order execution and assignment strategy defines the purchase and sale of financial instruments by clients. The Bank executes the client orders in line with the commission agreement usually by procuring a trade on the client's account. A client's order may be assigned to organised markets or may be executed outside an organised market.

To execute client orders, the Bank takes a series of measures, based on which the assignment and execution of a client order takes place with the goal to arrange for a client the best possible result under the existing circumstances. Despite these efforts, the Bank cannot guarantee to the client the best result of the order execution with each single order.

When **executing the order on behalf of the client**, the Bank **applies** the strategy for executing and assigning orders aimed at ensuring the best possible result of the executed order.

When **not executing the order on behalf of the client**, the Bank **does not apply** the strategy for executing and assigning orders aimed at ensuring the best possible result of the executed order. This includes situations where the client:

- executes a transaction on the client's own account on the basis of the client's own request-for-quote and, therefore, the client does not assume that it may legitimately rely on the Bank to protect its interests.
- executes a transaction on the client's own account on the basis of accepting an openly published quote (i.e. a quote that is not provided at the client's request) and, therefore, the client does not assume that it may legitimately rely on the Bank to protect its interests.

### 9.2. Monitoring and revision of the strategy of executing and assigning orders

At least once a year, the Bank shall perform the re-assessment of the selection of trading venues. In addition to that, this re-assessment shall take place should any of the important evaluated criteria change in favour of any particular trading venue. The Bank shall inform clients of any significant changes relating to the strategy of executing and assigning orders.

The Bank has secured the required procedures and methods for the purposes of assessing the quality of execution of orders through its parent company, Erste Group Bank AG.

The execution quality of orders assigned for execution to Erste Group Bank AG is assessed directly by Erste Group Bank AG. The assessment, as well as subsequent re-assessment, is based on factors that affect the order execution by the financial instrument class, referred to in point 9.4. The venue with the best possible order execution for a specific financial instrument is determined based in the assessment (scoring) model, where the individual order execution factors are awarded various weights, and the factors are then evaluated using this model. The trading venue with the highest achieved score is selected as the order execution venue. Those are the data from the order execution quality reports published by individual execution venues that are used as input parameters for the assessment performed by Erste Group Bank AG.

Given the non-existence of any alternative order execution venue, the orders executed by the Bank

directly on the Bratislava Stock Exchange are considered executed in accordance with the best possible result requirement.

For each class of financial instruments, the Bank and its parent company Erste Group Bank AG annually publish the Top 5 trading venues in terms of the transaction volume, on which the orders of both non-professional and professional clients were executed in the previous year. They publish this information on their websites ([www.slsp.sk](http://www.slsp.sk); [www.erstegroup.com](http://www.erstegroup.com)).

### 9.3. Client order execution and assignment

If the client requests the execution or assignment of the order based on the terms and conditions defined by the client (specific client's instruction), the Bank will honour such terms and conditions. In such case, executing the order under the specific instruction of the client shall be deemed the fulfilment of the duty to procure the best possible result for the client. The client's specific order may prevent the Bank from executing the order in accordance with this strategy.

If the client does not select any trading venue, then the price and costs are the primary factors for selecting the best possible result of the execution of the client order, and of these two factors the price has a greater weight as it is the main component of a total payment.

If the client does not select any trading venue and the trading venues have comparably good conditions, then the decisive factors shall be the time and probability of order execution. These factors improve with higher liquidity on a given market.

### 9.4. Factors affecting the order execution by the financial instrument class

The evaluation of the best possible result takes into account the following in particular:

- price
- costs
- execution speed
- execution probability
- other relevant factors

For non-professional, as well as professional clients, the best possible result is determined in terms of assessment taking into account mostly the price of the financial instrument and the costs associated with the order execution.

The costs that are taken into consideration include, among others, the trading venue's fees, taxes, broker fees and clearing and settlement fees.

Further information on the execution criteria and their significance, as well as the description of market conditions for each class of financial instruments is provided in the text below. The factors are ranked based on their relative importance with the highest priority criteria being described first.

#### Capital instruments – shares and deposit certificates; products traded on a stock exchange (funds)

The shares and ETFs are primarily traded on a trading venue. The Bank takes into account the following factors affecting the execution of the order, in order to obtain the best possible result for the client:

Factors	Description
Price / Costs	The assessment is made, which of the various trading venues achieves the best possible result in terms of the traded price, and this on a consistent basis. The account is taken of all costs associated with the execution of orders, which might be incurred by the client. Those include, for example, fees charged by trading venues, brokers or settlement systems, as well as taxes.
Speed / Probability of execution	In the interest of ensuring the highest probability and speed of execution, various trading volumes are taken into account in the respective trading venues.
Qualitative factors	At the same time, the qualitative factors such as safe and fast access to trading venues and brokers, the reliability of settlement systems, as well as the available emergency procedures are all taken into account.

If a share is registered in a single organised market, then the Bank will assign the order to such market.

If a share is registered in multiple organised markets, then the client may select the market, to which his order is to be assigned, and the Bank shall assign the order to the market selected by the client. If the Bank is not a member of that market, it shall assign the order to Erste Group Bank AG, which shall execute the order.

### Debt instruments (Bonds)

The bonds are primarily traded in a trading venue. Therefore, the factors that usually have the highest importance are the price, costs and probability of execution. The Bank takes into account the following factors affecting the order execution to obtain the best possible result for the client:

Factors	Description
Price / Costs	<p>The assessment is made, which of the various trading venues achieves the best possible result in terms of the traded price, and this on a consistent basis.</p> <p>The account is taken of all costs associated with the execution of orders, which might be incurred by the client. Those include, for example, fees charged by trading venues, brokers or settlement systems, as well as taxes.</p>
Speed / Probability of execution	<p>In the interest of ensuring the highest probability and speed of execution, various trading volumes are taken into account in the respective trading venues.</p>
Qualitative factors	<p>At the same time, the qualitative factors such as safe and fast access to trading venues and brokers, the reliability of settlement systems, as well as the available emergency procedures are all taken into account.</p>

Most bonds are registered on an organised market, however the Bank may execute an order on an OTC market, if it can't acquire a better result on an organised market. The price of bonds shall be determined by the situation on the market.

If the Bank assigns an order to Erste Group Bank AG, Erste Group Bank AG may execute this order outside the trading venue on its own account as a systematic internaliser or other liquidity provider.

### Other tools (mutual fund shares and investment funds)

The orders for the purchase or sale of shares issued by AM SLSP mutual funds are assigned for execution to AM SLSP. The orders relating to the purchase of shares in other mutual funds or investment funds are assigned for execution to Erste Group Bank AG which executes these orders by purchasing or selling from/to the issuer or via trading platforms. Where the client orders are executed at a trading venue on the basis of the client's specific instruction, the same factors are used for both shares and ETFs.

### Securitized derivatives (certificates and warrants)

The certificates and warrants are traded at trading venues or outside trading venues directly with the issuer. The Bank takes into account the following factors affecting the order execution to obtain the best possible result for the client:

Factors	Description
Price / Costs	<p>The assessment is made, which of the various trading venues achieves the best possible result in terms of the traded price, and this on a consistent basis.</p> <p>The account is taken of all costs associated with the execution of orders, which might be incurred by the client. Those include, for example, fees charged by trading venues, brokers or settlement systems, as well as taxes.</p>
Speed / Probability of execution	<p>In the interest of ensuring the highest probability and speed of execution, various trading volumes are taken into account in the respective trading venues.</p>
Qualitative factors	<p>At the same time, the qualitative factors such as safe and fast access to trading venues and brokers, the reliability of settlement systems, as well as the available emergency procedures are all taken into account.</p>

If the Bank assigns an order to Erste Group Bank AG, Erste Group Bank AG may execute this order outside the trading venue on its own account as a systematic internaliser or other liquidity provider. Erste Group Bank AG trades financial instruments directly with the issuer where the issuer offers a

better result for the client or higher probability of executing the order.

#### **Share, interest and currency derivatives – futures accepted for trading on a trading venue**

The Bank shall assign an order for execution to an organised market that is accessible to the Bank and where the best result for the client order execution may be achieved, or alternatively the Bank shall assign the order to Erste Group Bank AG, if the Bank does not have access to such market.

#### **Over-the-counter interest and currency derivatives (OTC)**

This section refers to over-the-counter trades that are individually agreed at a specified price between the client and the Bank outside the regulated market (over-the-counter).

OTC derivatives may be based on various underlying assets (e.g. interest rates, foreign currencies, etc.)

It is the price of the closing trade agreed for the purposes of closing the position between the Bank and Erste Group Bank AG and the surcharge to the price of the closing trade charged by the Bank that are decisive for determining the price of a newly-concluded trade. Erste Group Bank AG uses the latest market reference prices and appropriate valuation methods to determine the price of the closing trade.

### **9.5. Summary of the strategy for executing and assigning orders of non-professional clients**

This brief overview of the strategy for executing and assigning orders for non-professional clients explains the main steps taken by the Bank in accordance with the Securities Act to ensure the best possible result for clients in executing their orders. The following order execution standards apply to non-professional clients as defined in the Securities Act.

The requirements of the Securities Act for the best execution of orders are a key objective in the protection of investors. These requirements apply to securities brokers performing portfolio management or receiving and assigning client orders for financial instruments or executing such orders on their own account. The client instructions received, assigned or executed by the Bank are hereinafter referred to as the orders.

Under the Securities Act, the securities brokers are required to take all necessary steps to achieve the best possible result for clients in executing their orders. Where a securities broker executes an order on the account of a non-professional client, the best possible result is determined on the basis of the total performance representing the price of

the financial instrument and the costs incurred by the client. The costs incurred by the client include all expenses directly related to the execution of the order, including trading venue fees, clearing and settlement fees and any other fees paid to third parties participating in the execution of the order. The order execution strategy forms the integral part of the order given to Bank by the client.

#### **Order execution standards**

The Bank executes orders in accordance with the following standards:

The Bank takes all reasonable steps to obtain the best possible results in executing client orders on a stable basis, but not on an individual order basis. The Bank places the orders in trading venues which it deems appropriate for this purpose. The trading venues include regulated markets, multilateral trading facilities, organised trading systems, systematic internaliser and other liquidity provider.

Various factors of order execution are assessed when selecting a trading venue, allowing the Bank to obtain the best possible result for the client. The following factors are taken into account, for which different weights are used depending on the class of financial instruments:

- price
- costs
- order execution speed
- order execution probability
- other relevant factors.

For non-professional clients, the best possible result is determined in terms of overall performance, representing primarily the price and the costs of the financial instrument related to order execution.

The costs that are taken into consideration by the Bank include, among others, the trading venue's fees, taxes, brokerage fees and clearing and settlement fees.

The Bank offers the execution of client orders in the following classes of financial instruments:

- Capital instruments – shares and deposit certificates; products traded on a stock exchange (funds)
- Debt instruments (bonds)
- Securitised derivatives (certificates and warrants)
- Other instruments (mutual fund shares and investment funds)
- Share, interest and currency derivatives – futures accepted for trading on a trading venue

- Over-the-counter interest and currency derivatives (OTC)

When executing orders, the Bank takes into account the client's classification as a non-professional client.

If the client submits any specific instruction, the Bank executes the order in accordance with such instruction. The client should note that, in relation to the elements covered by these instructions, this could prevent the Bank from taking the steps determined and implemented in order to obtain the best possible result for executing these instructions.

The Bank accepts and assigns orders as an intermediary exclusively to Erste Group Bank AG as a broker, or executes the orders either directly in a trading venue or on its own account. Erste Group Bank AG may execute orders outside the trading venue (as a systematic internaliser or other liquidity provider).

If the Bank assigns orders relating to certain financial instruments to just one intermediary (broker), the Bank shall make sure that the method the broker executes the order is in line with the Bank's order execution strategy and that the best possible result is being consistently achieved.

The Bank reviews its order execution strategy at least once a year and informs the clients of any substantial changes to that strategy.

More information on the Bank's criteria for executing orders of non-professional clients and on their meaning, as well as the description of market conditions for each class of financial instruments, can be found in sections 8.1 to 8.4 of this document.

In Annex no. 1, the Bank provides the web links to data on the quality of execution of orders published in accordance with Article 27 (3) of the Directive 2014/65/EU for each trading venue listed in the order execution and assignment strategy that is under the obligation to publish these data.

## 10. Information on the Place of Execution and Place of Assignment of the Client Order

The list of principal trading venues used to trade financial instruments:

	XETRA Frankfurt Zürich – Six Swiss Exchange	x x	x x
Debt instruments (bonds)	Bratislava Stock Exchange MTF Bloomberg OTC Vienna Stock Exchange XETRA Frankfurt	x x x x x	x x x x x
Securitized derivatives (certificates and warrants)	Bratislava Stock Exchange Börse Stuttgart Euro MTF - Luxembourg Stock Exchange Frankfurt Stock Exchange London Stock Exchange Vienna Stock Exchange XETRA Frankfurt	x x x x x x x	x x x x x x
Share derivatives (futures accepted for trading on a trading venue)	EUREX CBOE Futures Exchange Chicago Board of Trade Chicago Mercantile Exchange ICE Futures Europe ICE Futures U.S LIFFE Montreal Exchange Osaka Exchange Singapore Exchange		x x x x x x x x x
Interest derivatives (futures accepted for trading on a trading venue)	EUREX Chicago Board of Trade LIFFE		x x x
Currency derivatives (futures accepted for trading on a trading venue)	ICE Futures U.S Chicago Mercantile Exchange		x x
Other instruments (mutual fund shares and investment funds)	EAM Erste Group Bank AG	x x	x x
Over-the-counter interest and currency derivatives (OTC)	Slovenská sporiteľňa, a.s.	x	x

Where only one trading venue can be determined to execute the order, the Bank shall make sure that this trading venue is able to provide, on a reliable basis, the best possible result for executing the clients' orders.

If the Bank assigns orders relating to certain financial instruments to just one intermediary (broker), the Bank shall make sure that the method the broker executes the order is in line with the Bank's order execution strategy and that the best possible result is being consistently achieved.

In providing investment service, the **acceptance and assignment of an order** in respect of any type

of financial instruments (shares or funds traded on a stock exchange, bonds, warrants, certificates, futures contracts, mutual fund shares, over-the-counter derivatives), the Bank assigns the order exclusively to Erste Group Bank AG as a broker. Erste Group Bank AG may execute orders outside the trading venue (as a systematic internaliser or other liquidity provider).

## 11. Portfolio Management

As a licensed securities broker, the Bank provides its clients with a portfolio management investment service. Under the Securities Act, portfolio management is defined as the management of a portfolio of financial instruments in accordance with

authorisations granted by clients at the manager's own discretion. Under the Portfolio Management Agreement, the client grants a full mandate to the Bank to manage the client's entrusted funds in accordance with the agreed investment strategy selected based on the suitability test. The client shall leave the investment decision-making to the Bank. The Bank shall manage the client's portfolio without consulting the client, it may buy, sell or otherwise trade the investment instruments within the portfolio, including execution of transactions on a foreign-exchange market (spot transactions).

The Bank and

#### **Erste Asset Management GmbH**

Am Belvedere 1  
1100 Vienna, Austria  
Commercial Register of the Vienna City Court,  
File no.: 102018 b

doing business in the Slovak Republic through the organizational unit:

#### **Erste Asset Management GmbH, pobočka**

##### **Slovenská republika**

Tomášikova 48  
832 65 Bratislava  
Company ID: 51 410 818  
Commercial Register of the Bratislava III City  
Court, section: Po, file no.: 4550/B  
VAT ID: SK4120106441  
TAX ID: 4120106441  
SWIFT code: GIBASKBX  
LEI: 097900CAKA0000121904  
(hereinafter referred to as the "EAM")

as managers in providing portfolio management investment service, do not retain any fees, commissions or other monetary or non-monetary benefits paid by any third party or by any person acting on behalf of a third party in connection with the provision of the service to the clients.

Should the Bank or EAM receive any fees, commissions or other monetary benefits from third parties in connection with the management of their clients' portfolios, they shall transfer them to clients whose portfolios they manage.

## **11.1. Portfolio**

The client's portfolio means assets comprising financial instruments, other securities or money allocated for purchasing financial instruments or other securities that may be handled by the Bank in accordance with the portfolio management agreement.

The trades in financial instruments are executed both on regulated and unregulated securities markets.

The Bank may cooperate with or perform any portfolio management operations through any securities broker, or possibly by some other entity of a securities broker standing and belonging to the Erste Group Bank AG Group. Presently, the Bank actively cooperates with EAM. EAM is a financial institution operating on the financial market under a license issued in accordance with Act No. 203/2011 Coll. on Collective Investment, as amended.

The following financial instruments may be acquired to the client's assets as part of managing the individual portfolios:

- transferable securities
- shares
- bonds
- other securities which entitle the holder to acquire shares or bonds or which enable cash settlement
- mutual fund shares or securities issued by foreign collective-investment entities
- money market instruments
- options, futures, swaps, forwards and other derivatives associated with securities, currencies, interest rates or yields or other derivative instruments, financial indices that may be settled by delivery or in cash.

## **11.2. Methodology and periodicity of portfolio valuation**

The portfolio valuation shall be performed according to the Measure of the National Bank of Slovakia No. 13/2011 on asset valuation method in a standard mutual fund and in the public special mutual fund and on the calculation method of the issue value of the mutual fund shares in mutual funds in which mutual fund shares are issued in multiple issue series, for each business day at the latest by 12 o'clock p.m. of the third business day of the day, for which the valuation is being made. The portfolio value is determined with professional care in cooperation with the Bank in accordance with the Bank's methodology modified in compliance with Act No. 483/2001 Coll. on Banks and on amending and supplementing certain acts, as amended, and in accordance with the Securities Act, primarily based on the rates and prices of securities, money market instruments and derivatives generated on regulated markets.

The portfolio value is determined on a daily basis. After determining the portfolio value, it is possible to calculate the portfolio performance. To determine a time period for calculating the portfolio performance, the actual numbers of days may be replaced by a

number of weeks, where 4 weeks mean 1 month, 13 weeks mean 3 months, 26 weeks mean 6 months, 52 weeks mean 1 year and multiples of 52 weeks mean the number of years. One week means 5 business days in a week. Weekly values are calculated using values of the same day of the week (except for holidays that are replaced by the value of the immediately preceding business day). A daily portfolio performance is calculated as the current portfolio value (reduced by deposits made on that day, if any) divided by the portfolio value on the preceding day, expressed as a percentage. The portfolio performance is calculated on a daily basis.

The expected portfolio performance is a weighted expected performance of individual funds where each fund's weight is in proportion to its value in the total portfolio. A portfolio risk is measured as annualised weekly portfolio volatility. The minimum and maximum performance represents the best and worst expected performances with a 95% probability. The performance is calculated after deducting the management and depository fees of individual funds.

Expected performance is not a reliable indicator of future performance and the Bank hereby does not guarantee the achievement thereof.

Simulated historic performance is based on the actual historic performance, but such performance is not a reliable indicator of future performance.

### 11.3. Sustainability-related information

A risk threatening sustainability is any environmental event, social event or corporate governance event or any circumstance, the occurrence of which might have an actual or potentially significant negative impact on the investment value.

The method, in which the Bank and EAM, as managers in providing the portfolio management investment service, generally address the risks threatening sustainability as per information disclosure requirements under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, has been published on the website of the bank ([www.slsp.sk](http://www.slsp.sk)) and EAM (<https://www.erste-am.sk/sk/private-investors/zodpovedne-investovanie/zverejnenia-o-udrzatelnosti>).

Among other information there are on the stated above web page of the EAM information of the main negative effects of investment decisions on the sustainability factors, descriptions of the main negative effects of investment decisions on the

sustainability factors and descriptions of the policies focused on identification and prioritization of the main negative effects of investment decisions on the sustainability factors.

## 12. Keeping Clients Informed

### Sending reports to clients

The Bank provides clients with adequate reports on provided investment services containing data required by law, notably the costs associated with the transaction and services performed on the client's account.

The information is sent to clients on a durable medium on the first business day after executing the order, or on the first business day after receipt of such confirmation from the third party where the Bank receives relevant confirmation from a third party. The Bank does not send information to clients where clients receive identical information from a third party.

### Sending reports to clients with regularly executed orders

The Bank sends information to clients about their orders at least once in 6 months where orders are executed regularly and relate to open-ended mutual funds shares or securities issued by foreign collective-investment entities.

### Price information with a partially executed order

If a client order is executed gradually, the Bank shall provide price information to a client separately for each part or on the average price, unless agreed otherwise by the Bank and the client.

### Sending reports to clients in the provision of portfolio management investment service

The Bank sends regular statements to its clients on a durable medium on operations relating to portfolio management performed on the client's account, once in 3 months. If a portfolio management agreement allows managing the client's portfolio with leverage, the Bank shall send regular statements to the client at least once a month.

### Sending statements on the balance of financial instruments or funds

A statement of financial instruments or funds held by the Bank for the client is provided to the client at least once a quarter, unless such statement is provided to the client as part of other regular statement.

A statement contains information on all financial instruments or funds which the Bank holds on behalf of the client in connection with providing investment services as of the end of the period, for which the statement is made. If the client's financial instruments or funds were used in securities

financing trades, then the statement contains also the extent to which they were used for the said purpose and the client's yield from such trade. The statement also contains other statutory data on financial instruments, such as clear indication of which assets are affected by certain particularities in their ownership right and the market value or the estimated value of the client's financial instruments.

## 13. Information on Costs and Associated Fees

In general, the obligation may arise to the client to pay various fees in connection with the execution of the client's instructions by the Bank.

**Trading venue fees:** These are the fees published by the respective trading venue, which are charged in the event of direct access to the market, as well as in the event of executing an order through the Bank or other securities broker (intermediary).

**Broker fees:** Where the Bank does not have direct access to the market, the obligation may arise to pay the fees to the broker providing the required access to the market.

**Settlement fees:** These are the fees paid to external settlement agents and managers related to the settlement and management of financial instruments.

**Taxes:** These may arise in relation to a trading venue, as well as in relation to a financial instrument.

**Bank fees:** These represent the order execution costs, which are charged by the Bank as a fee under the Bank's Schedule of Fees.

The costs and fees associated with the provision of investment services are provided in the Bank's Schedule of Fees, which is available for inspection at the Bank's branch offices and on the Bank's website [www.slsp.sk](http://www.slsp.sk).

Fees charged by the Bank for procuring a trade with a financial instrument can be determined in different amount depending on geographic affiliation of the regulated market on which the financial instrument was traded, the reason being a different amount of costs arising in these trading venues (e.g. different tax obligations, etc.).

These costs and fees may be included in other documents or fee schedules that form part of the contractual documentation with the client.

Other costs may be associated with the provision of investments services and trading in financial instruments, including tax obligations which, however, are not paid via the Bank and therefore are not charged by the Bank to the client.

The examples of the cumulative effect of fees and costs on the return on investment by the type of financial instruments were published by the Bank in a separate document available at the Bank's branches and on the Bank's website at [www.slsp.sk](http://www.slsp.sk).

The client may ask the Bank for provision of a breakdown of individual cost and fee items at the Bank's branch.

## 14. Information on Fees or Commissions Received from a Third Party

### Information on fees received by the Bank

Based on a contractual relationship, the Bank receives fees from third parties.

Depending on the terms and conditions of a particular mutual fund:

- from EAM company, for the distribution of mutual fund shares issued by this asset management company in Slovakia in the amount of 100% of the entry fee and exit fee on a one-time basis and between 0% and 85% of the management fee on an ongoing basis;
- from EAM company for the distribution of mutual fund shares issued by this asset management company in Austria in between 0% and 65% of the management fee on an ongoing basis.

Depending on the terms and conditions of a particular security:

- from other third parties for the distribution of securities, ranging between 0% and 100% of the security distribution fee on an ongoing basis and between 0 % and 85 % of the management fee on an ongoing basis.

A portion of the fees received in this manner is used to improve and maintain the quality of services provided for the benefit of clients and the receipt of these fees is not in conflict with the Bank's obligation to proceed in providing the investment services or ancillary services and in performing investment activities in accordance with fair business principles, honestly, justly and with professional care in the interest of its clients.

The Bank may also receive small non-monetary benefits from third parties, such as information of general nature relating to financial instruments, materials provided by a third party (issuer) to promote a new issue, participation in conferences, seminars and training events on the advantages and properties of financial instruments, or other small non-monetary benefits that may improve the quality of the provided service.

With respect to the provision of the portfolio management investment service, the Bank does not accept any fees, commissions, other cash benefits, or any non-cash benefits provided by any third party.

## 15. Conflict of Interest

With respect to the conflict of interest, the Bank has organisational arrangements in place, as well as internal rules and standards necessary for identification of mutual conflict of interest, its prevention or management.

These policies are aimed at timely identification of a potential conflict of interest between the Bank, including its top management members and employees, and its clients or between the clients themselves, arising in the provision of investment services, ancillary services and in the implementation of investment activities or in combination thereof. Likewise, the Bank has established procedures for effectively preventing and managing the conflict of interest for individual investment services so as to prioritise the client's interests over the Bank's own interests and to ensure equal and fair treatment of all clients.

Since the Bank offers a wide range of products and services, there may be several areas with a potential conflict of interest. In providing investment services, the following potential conflicts of interest may occur:

- The Bank likely makes a financial profit or prevents a financial loss at the expense of the client;
- The Bank has interest in the outcome of the service provided to the client or in the outcome of a transaction executed on behalf of the client and this interest differs from the client's own interest in this result;
- The Bank is financially or otherwise motivated to prioritise the interest of some other client or a group of clients over the interests of the given client;
- The Bank engages in the identical business activity as the client;
- In connection with the service provided to the client, the Bank is receiving or shall receive an incentive from a person who is not a client in the form of monetary or non-monetary benefits or services.

The main goal is to identify and prevent any conflict of interest where possible. If a conflict of interest cannot be prevented by implementing organisational or administrative measures, the Bank's priority is to resolve any conflict for the benefit of the client. Unless the application of conflict of interest management measures in a particular case makes it possible to avoid a conflict of interest, the Bank shall disclose the nature and source of such conflict to the client so that the client

is able to make the right judgment and make informed decisions in relation to the investment service even before executing the transaction.

The Bank has the following measures introduced to detect, prevent and manage conflicts of interest in relation to the provided individual investment services and ancillary services:

### Trading in financial instruments on the Bank's own account

When trading on the Bank's own account, there may arise a conflict of interest between the Bank and the client placing orders for transactions identical to those executed by the Bank on the Bank's own account. This conflict of interest is resolved by organisational, personnel and systemic separation of trading activities on the Bank's own account from trading activities on the client's account.

### Adoption and assignment of orders relating to financial instruments

In connection with the investment service involving acceptance and assignment of client orders, the conflict of interest is systematically eliminated by the Bank by accepting and assigning orders of individual clients based on the time priority in accordance with the Order Execution and Assignment Strategy.

### Execution of orders relating to financial instruments on the client's account

In providing this investment service, the conflict of interest is systematically eliminated by the Bank, which means that it executes the individual orders based on the time priority in accordance with the Order Execution and Assignment Strategy.

### Investment advice relating to securities

In connection with the provision of investment advice, there may occur a conflict of interest between the client and the Bank where the Bank is motivated to place or distribute the securities that form the subject of its investment advice. Those are mostly securities issued by the Bank or by the Bank's group. Where the Bank cannot effectively eliminate the conflict, it shall disclose this conflict to the client.

A conflict of interest may arise where the Bank provides investment advice relating to securities, the issuer of which is in a notable relationship with the Bank outside the provision of investment services (e.g. credit relationship, ownership interest, etc.). A conflict of interest of this type is eliminated by the organisational, personnel and systemic separation of the personnel providing investment advice from other departments of the Bank and by measures related to confidential information.

### Subscription and placement of securities

In the event of providing the placement of financial instruments investment service in relation to

securities, there may be a conflict of interest between the client and the issuer of securities. The Bank is motivated to arrange the sale of the issuer's securities while at the same time it must proceed with professional care towards clients to whom it offers these securities. Likewise, within the allocation of securities the Bank must not condition the selection of a particular investor or a group of investors by any compensation, other benefit or any promised execution of further transactions.

A potential conflict of interest may also arise where it is in the Bank's interest to issue its own financial instruments. This interest partly involves the issuance of the Bank's own subordinated bonds, which may lead to the increase of the Bank's capital, while the owners of subordinated bonds may be exposed to the risk of having to bear the company's losses in the event of any crisis situation. Such a conflict of interest cannot be eliminated and is disclosed to the clients.

#### **Custody, administration and management of securities, including associated services**

When performing this investment service, there may arise a conflict of interest between individual clients. The Bank prevents this potential conflict by setting up systems and internal working procedures that ensure equal treatment of all clients and by keeping of separate records of each client's financial instruments.

#### **Conflict of interest when receiving incentives**

The incentives are forbidden and are deemed to be in breach of the obligation to comply with measures to prevent conflict of interest and to act in the client's best interests, except for cases where:

- they are aimed at improving the quality of the provided service, and
- they are not in conflict with the observance of the obligation to act honestly and fairly and in the best interest of the client.

## **16. Complaints and resolution of disputes**

The complaints relating to the Bank's services associated with financial instruments may be submitted by the client in person at the Bank's branch or sent in writing to the address:

Slovenska sporiteľňa, a.s.

Ombudsman

Tomášikova 48

832 37 Bratislava.

It is also possible to send the complaint electronically to the email address [ombudsman@slsp.sk](mailto:ombudsman@slsp.sk).

The disputes relating to the Bank's services associated with financial instruments may be settled out-of-court through:

- an ADR (Alternative Dispute Resolution) entity registered in the list of alternative dispute resolution entities maintained by the Ministry of Economy of the Slovak Republic, or
- a mediator registered in the register of mediators maintained by the Ministry of Justice of the Slovak Republic. This shall be without prejudice to the principle of voluntary mediation, or
- an arbitration tribunal registered in the list of permanent arbitration tribunals competent to adjudicate consumer disputes maintained by the Ministry of Justice of the Slovak Republic, and this provided that the jurisdiction of such arbitration tribunal has been established by the contracting parties in the consumer arbitration agreement.

This information is provided solely for the purposes of providing information to the client with no legal titles resulting from it. All information contained in this document is likewise published on the Bank's website at [www.slsp.sk](http://www.slsp.sk) where it is always available to the clients.

## Annex no. 1

List of web links to trading venues and systematic internalisers  
for publication of data on the quality of execution of transactions pursuant to Article 27 (3) of Directive  
2014/65/EU

Trading venue	link
Bolsa de Madrid	<a href="http://www.bmerv.es/ing/aspx/BestExecution/BestExecution.aspx">http://www.bmerv.es/ing/aspx/BestExecution/BestExecution.aspx</a>
Borsa Italiana (Milan)	<a href="https://www.borsaitaliana.it/borsa/mifid2/RTS27/quality-execution.html?lang=en">https://www.borsaitaliana.it/borsa/mifid2/RTS27/quality-execution.html?lang=en</a>
Börse Berlin	<a href="https://www.boerse-berlin.com/index.php/Best_Execution_Reports/Best_Execution_Reports">https://www.boerse-berlin.com/index.php/Best_Execution_Reports/Best_Execution_Reports</a>
Börse Düsseldorf	<a href="https://www.boersenaq.de/rts27-files">https://www.boersenaq.de/rts27-files</a>
Börse Hannover	<a href="https://www.boersenaq.de/rts27-files">https://www.boersenaq.de/rts27-files</a>
Börse München (Bayerische Börse AG)	<a href="https://www.boerse-muenchen.de/policy">https://www.boerse-muenchen.de/policy</a>
Börse Stuttgart	<a href="https://www.boerse-stuttgart.de/de-de/fuer-geschaeftpartner/reports/rts27/">https://www.boerse-stuttgart.de/de-de/fuer-geschaeftpartner/reports/rts27/</a>
Budapest Stock Exchange (BÉT)	<a href="https://www.bet.hu/ftpdata/">https://www.bet.hu/ftpdata/</a>
Prague Stock Exchange	<a href="https://www.pse.cz/udaje-o-trhu/statistika/statisticke-soubory/">https://www.pse.cz/udaje-o-trhu/statistika/statisticke-soubory/</a>
Bratislava Stock Exchange	not published yet, if you are interested, it is possible to contact the stock exchange directly and they will provide the data (info@bsse.sk)
Erste Group Bank AG	<a href="https://www.erstegroup.com/de/ueber-uns/corporate-governance/executionquality-reports">https://www.erstegroup.com/de/ueber-uns/corporate-governance/executionquality-reports</a>
EUREX	<a href="https://www.eurexchange.com/exchange-en/market-data/statistics/best-execution-reports">https://www.eurexchange.com/exchange-en/market-data/statistics/best-execution-reports</a>
Euro MTF - Luxembourg Stock Exchange	<a href="https://www.bourse.lu/rts27-regulation-files-list">https://www.bourse.lu/rts27-regulation-files-list</a>
Euronext Amsterdam	<a href="https://live.euronext.com/resources/statistics/quality-execution-reports">https://live.euronext.com/resources/statistics/quality-execution-reports</a>
Euronext Brussels	<a href="https://live.euronext.com/resources/statistics/quality-execution-reports">https://live.euronext.com/resources/statistics/quality-execution-reports</a>
Euronext Oslo	<a href="https://www.oslobors.no/ob_eng/Oslo-Boers/Statistics/Best-execution">https://www.oslobors.no/ob_eng/Oslo-Boers/Statistics/Best-execution</a>
Euronext Paris	<a href="https://live.euronext.com/resources/statistics/quality-execution-reports">https://live.euronext.com/resources/statistics/quality-execution-reports</a>
EUWAX (Boerse Stuttgart)	<a href="https://www.boerse-stuttgart.de/de-de/fuer-geschaeftpartner/reports/rts27/">https://www.boerse-stuttgart.de/de-de/fuer-geschaeftpartner/reports/rts27/</a>
Frankfurt Stock Exchange	<a href="https://www.xetra.com/dbcm-en/instruments-statistics/statistics/best-execution-reports/frankfurt">https://www.xetra.com/dbcm-en/instruments-statistics/statistics/best-execution-reports/frankfurt</a>
Hanseatic Stock Exchange Hamburg	<a href="https://www.boersenaq.de/rts27-files">https://www.boersenaq.de/rts27-files</a>
Nasdaq Copenhagen	<a href="https://www.nasdaq.com/solutions/mifid-ii-best-execution">https://www.nasdaq.com/solutions/mifid-ii-best-execution</a>
Nasdaq Helsinki	<a href="https://www.nasdaq.com/solutions/mifid-ii-best-execution">https://www.nasdaq.com/solutions/mifid-ii-best-execution</a>
Nasdaq Stockholm	<a href="https://www.nasdaq.com/solutions/mifid-ii-best-execution">https://www.nasdaq.com/solutions/mifid-ii-best-execution</a>
Vienna Stock Exchange	<a href="https://www.wienerborse.at/en/technology/mifid-ii/rts27-data/">https://www.wienerborse.at/en/technology/mifid-ii/rts27-data/</a>
Warszaw Stock Exchange (GPW)	<a href="https://www.gpw.pl/Quality_of_execution_of_transactions">https://www.gpw.pl/Quality_of_execution_of_transactions</a>
XETRA Frankfurt	<a href="https://www.deutsche-boerse-cash-market.com/dbcm-en/instruments-statistics/statistics/best-execution-reports/xetra">https://www.deutsche-boerse-cash-market.com/dbcm-en/instruments-statistics/statistics/best-execution-reports/xetra</a>

## Overview of changes compared to previous version

New part 7.5.	7.5.Sustainability Risks in Investment Decisions