

Všeobecná úverová banka, a. s.; abbreviated name:  
VÚB, a. s., registered office: Mlynské nivy 1, 829 90 Bratislava  
25, entered in the Companies Register of District Court Bratislava  
I, Section: Sa, file no. 341/B, company reg. no.: 31320155 BIC:  
SUBASKBX www.vub.sk  
(hereinafter referred to as “VÚB, a. s.” or the “Bank”)

Scope of business: pursuant to the Act on Banks  
Supervisory authority: National Bank of Slovakia  
I. Karvaša 1, 813 25 Bratislava  
Bank licence granted by NBS Decision No.  
UBD-1744/1996 of 26 September 1996

## **Investor's Guide**

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### Notice:

The information contained in this document is prepared so that make it comprehensible to average non-professional (retail) clients. Under no circumstances does it constitute a marketing announcement, investment advice, investment research, financial analysis, investment recommendations or other forms of general recommendation. All rights reserved.

Produced by:

Compliance Department of VÚB, a. s.

compliance@vub.sk

December 12, 2022

## Background

The aim of this document is to provide clients with basic information and warnings about investment services provided by VÚB, a. s.

In this document, the client is referred to as “you” in all grammatical forms. VÚB, a. s. is referred to as “we” in all grammatical forms.

Investment services for the purposes of this document collectively mean investment services, investment activities, and ancillary services provided or performed in relation to financial instruments.

Financial instruments are:

- securities (e.g. shares, bonds, and units of mutual funds)
- derivatives (rights and obligations with monetary value related to, for instance, currencies, interest rates, or commodities).

Investment services may be provided by investment firm. The rules of the provision of investment services are laid down in the European MiFID II Directive<sup>1</sup>, which has been transposed in the legislation of the Slovak Republic by the Securities Act<sup>2</sup>.

This document contains pre-trade information pursuant to the Securities Act and Delegated Regulation (EU) 2017/565<sup>3</sup>. Before being provided the investment service, we recommend that you read this document. The same recommendation applies when it comes to other information referred to in this document.

We wish you successful investment through VÚB, a. s.

## 1 Basic information about VÚB, a. s.

VÚB, a. s. is a bank and investment firm with registered office and headquarters in the Slovak Republic. In terms of ownership, it constitutes part of the wider Intesa Sanpaolo international group. For our identification data and contact details, see **Annex 1**.

We dispose of a licence for the provision of investment services, granted by the Financial Market Authority, Vazovova 2, 813 18 Bratislava, on 20 December 2002. This licence is considered a licence issued by the National Bank of Slovakia, Imricha Karvaša 1, 813 25 Bratislava, onto which supervision over investment firm was transferred on 01 January 2006. The scope of our licence is specified in **Annex 2**.

In connection with the provision of investment services, we currently do not use the services of any tied agents or other intermediaries in the capital market sector pursuant to the relevant legal regulations<sup>4</sup>.

## 2 Means of communication

When in contact with us, you can use Slovak, as well as Czech and English as a standard. The documents and other information that you will receive from us will be written in Slovak or English as the language commonly used in this field.

For matters concerning investment services, you can contact our points of sale – retail branches, corporate branches, or our headquarters. You can also communicate with us through personal meetings, by post, by phone, by fax, via e-mail, or in other agreed manners.

We receive orders at our points of sale in the specified written form. Depending on the agreement and under the set conditions, we allow for the placement of orders by phone, through internet platforms, or in other manners. By order we mean the client's instruction to VÚB, a. s. in connection with the contractual documentation, including purchase or sale order, instruction for a financial instrument, transfer of units of mutual funds, and transfer of administration.

## 3 Client categorisation

In accordance with MiFID II, we inform the client who uses our investment services about their inclusion in one of three categories according to the level of their knowledge and experience in the field of investments. Each category represents a different level of client protection:

- retail (non-professional) client (highest level)
- professional client (medium level)
- eligible counterparty (lowest level)

We inform the client about their categorisation depending on the setting of the given product or contractual relationship. We usually notify you about your category by means of a print report on your investment questionnaire, in the text of the contract or by means of a special letter.

If we have classified you as a professional client, we expect that you are familiar with much of the information provided in this document.

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1 Directive of the European Parliament and of the Council No. 2014/65/EU of 15 May 2014 on markets in financial instruments – MiFID II.

2 Act No. 566/2001 Coll. on Securities and Investment Services and on changes and amendments to some acts, as amended („Securities Act“).

3 Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

4 Act No. 186/2009 Coll. on Financial Intermediation and Financial Advisory Services and on changes and amendments to some acts.

If you have been included in the eligible counterparty category, **Sections 9 and 10** below are relevant to you.

For details on categorisation, including information on each client's right to request other categorisation and on any restriction of the level of client protection related to that category, see **Annex 3**.

#### **4 Investment Questionnaire – “appropriateness” service model (pursuant to Art. 73g of the Securities Act)**

We identify the level of your knowledge and experience in the field of investments by means of an investment questionnaire. By evaluating it, we can establish mainly whether the given financial instrument is appropriate for you (whether the given financial instrument is appropriate in terms of your knowledge and experience).

The result of the investment questionnaire is the assignment of the type of investor, also called investment strategy, investment profile, or risk profile. Each type of investor is assigned appropriate groups of financial instruments and products. The document **Groups of Financial Instruments and Products according to the Type of Investor** (does not apply to private banking clients and clients using investment advisory services) is voluntarily displayed on bulletin boards at our points of sale and on our website [www.vub.sk/en/](http://www.vub.sk/en/) under the section “Mission and Values/Investor Protection”<sup>5</sup>.

If you decide to use a financial instrument or a product which does not correspond to the assigned type of investor, we will notify you about such inappropriateness. If you decide not to fill in the investment questionnaire, we will notify you about the impossibility to assess the appropriateness or inappropriateness of the financial instruments or products. In no case do we encourage you not to fill in the investment questionnaire.

The client must choose a specific financial instrument or product on his/her own, bearing full responsibility for such decision.

#### **4.1 Investment questionnaire – “investment advisory” service model (pursuant to Art. 73f of the Securities Act)**

In connection with the provision of investment advisory services<sup>6</sup>, we seek to find out, by means of an investment questionnaire, the level of your knowledge and experience in the field of investments with respect to a specific type of financial instruments, investment service or ancillary service, your financial situation, including your ability to bear losses, and your investment objectives, including sustainability preferences. Further to its evaluation, we are able to determine specifically whether the financial instrument, respectively your entire portfolio is suitable for you

#### **5 Disclosure of sustainability information pursuant to the SFDR Regulation<sup>7</sup>**

VÚB, a. s. as part of the Intesa Sanpaolo international group respects the principles of responsible investment and takes an active approach to environmental, social and governance matters (ESG)<sup>8</sup>.

The SFDR Regulation imposes obligations on financial market participants and financial advisers with respect to end investors regarding the disclosure of sustainability-related information, thus contributing to increased transparency. Financial advisers are required to disclose information about how they integrate sustainability risks<sup>9</sup> and whether, taking due account of their size, the nature and scale of their activities and the types of financial products, they consider principal adverse impacts on the sustainability factors. Pursuant to the SFDR Regulation, VÚB, a. s. acts in the role of a financial adviser by providing investment advisory service.

Pursuant to the SFDR Regulation, VÚB, a. s. as a financial adviser discloses the required information (including any updates thereto) on its website [www.vub.sk/en/](http://www.vub.sk/en/) under the section About the Bank/Mission and Values/Investor Protection:

- through this document, which contains pre-trade information pursuant to the MiFID II;
- as part of the disclosed document on responsible investment at [www.vub.sk/en/](http://www.vub.sk/en/) under the section About the Bank/Mission and Values/Investor Protection;
- in the Business Terms and Conditions enclosed to the Agreement on Investment Products and Investment Services (for InvestPlan available at [www.vub.sk/obchodne-podmienky/](http://www.vub.sk/obchodne-podmienky/)).

5 [www.vub.sk/en/people/about-vub-bank/mission-and-values/#tab\\_3](http://www.vub.sk/en/people/about-vub-bank/mission-and-values/#tab_3)

6 At the time of issue of this document, VÚB, a. s. provides investment advisory to clients of the “Magnifica” segment and to clients of the Upper Mass segment.

7 **SFDR means** Regulation of the European Parliament and of the Council (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, which has been applied, except for certain articles, since 10 March 2021.

8 **ESG criteria** – set of norms regulating the factors of sustainability: environment, social or employment matters, respect for human rights, and fight against corruption and bribery; these factors are covered by the ESG (Environmental, Social and Governance).

**ESG legislation:** (i) SFDR; and (ii) any further generally binding legal regulation issued by the competent Slovak and/or European bodies and institutions with the power to issue generally binding legal acts with territorial competence in European Union Member States, changing and/or amending the current legal framework defined by the applicable legal regulations specifying the implementation of the ESG criteria and/or detailing or newly creating a legal regulation for the introduction of ESG criteria in the context of the EU legislation and/or legislation of the Slovak Republic regardless of the legal nature, strength or the manner of application of the given legal regulation.

9 **Sustainability risk** means an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The product offer/distribution of VÚB, a.s. also includes units of sustainable and responsible mutual funds (also called ESG, SRI, or green funds) which promote, among other things, the environmental or social characteristics or a combination of those characteristics in accordance with Article 8 of the SFDR Regulation (“light green”) or financial product which has sustainable investment as its objective in accordance with Article 9 of the SFDR (“dark green”), while planning to extend this offer in the future depending on the development of various related factors, in particular availability of ESG/SRI<sup>10</sup> products and interest in (demand for) them by the Bank’s clients. This suggests that VÚB, a.s. can also offer its clients (based on their investment objectives and needs) investment in ESG/SRI mutual funds. The method of integration of the ESG criteria may differ according to the mutual fund and its characteristics specified in the relevant fund documentation (Key Information Document, Prospectus, Management Regulation available at [www.vub.sk/investovanie/podielove-fondy-eurizon-capital](http://www.vub.sk/investovanie/podielove-fondy-eurizon-capital), [www.eurizoncapital.lu](http://www.eurizoncapital.lu) or [www.eurizonslovakia.com/en](http://www.eurizonslovakia.com/en)), which you should read and consider before taking a final investment decision.

VÚB, a.s. provides clients with investment advice as an investment service on a dependent basis. This form of investment advice consists of giving a personal recommendation to the client, which is based, in addition to other things, on a narrower analysis of “selected financial products<sup>11</sup>”. At present, as part of its investment advisory services, VÚB, a.s. actively recommends only the mutual funds of the asset management companies Eurizon Asset Management Slovakia, správ. spol., a.s. (“Eurizon SK”) and Eurizon Capital S.A., including available ESG/SRI funds (provided that the assessment of suitability performed by the Bank has been found compliant, i.e. suitable for the client). During the client profiling phase, i.e. when obtaining of complete and up-to-date information necessary to determine the client’s investment profile, the Bank currently detects the client’s preferences in terms of investing in a sustainable manner through investment questionnaire.

## 6 Financial instruments and products

Within the scope of our licence for the provision of investment services, **Annex 4** provides a description of financial instruments and products, as well as warnings about related investment risks. We recommend that you find in the annex the financial instrument or product that you are interested in and study the relevant information.

If you choose to invest in a unit of mutual funds or comparable foreign security, we recommend that you consult specifically the **Product Sheet, the Management Regulation, the Prospectus**, and the **Key Investor Information Document** related to the given mutual fund. These documents are disclosed at our points of sale. In the case of the mutual funds Eurizon Asset Management Slovakia, správ. spol., a.s. (hereinafter referred to as “Eurizon SK”) and Eurizon Capital S.A., these documents are also available at the website [www.eurizonslovakia.com](http://www.eurizonslovakia.com) and/or [www.eurizoncapital.lu](http://www.eurizoncapital.lu) (except for product sheets which are available at all our points of sale).

Other securities may be subject to specific arrangements at the time you plan to use the investment service, namely:

- public offer of securities;
- takeover bid.

The links to the disclosed prospectuses on public offers as well as information on takeover bids can be found, for instance, at [www.nbs.sk](http://www.nbs.sk) under the “Information Service” section. The prospectuses on the public offers of securities of VÚB, a. s. are available on our website [www.vub.sk/en/](http://www.vub.sk/en/) under the “Information Service” section. The client is required to specify in the order for sale of Slovak securities a specific instruction as to whether they request or not the sale of such securities under the takeover bid; otherwise, we are authorised to execute the client’s order beyond the scope of the takeover, for instance, in a standard manner at an anonymous stock exchange market with the aim to achieve the best result possible within the limits of such trading.

We shall inform you of any special facts related to the financial instruments or financial resources as long as they are known to us and if such obligation arises from legal regulations.<sup>12</sup>

## 7 Methods of executing orders

The execution of clients’ orders is ensured by trading at the places of order execution and/or by means of third parties. This means that we use various stock exchanges, trading platforms, and collaborating investment firms, among others. We can execute a client’s order also by trading for our own account. In the case of units of mutual funds, we ensure the receipt of the order and its forwarding to the asset management company that manages the given mutual fund.

For details, including the list of potential places of the execution of orders and third parties, see the separate document **Strategy of Execution, Transmission and Allocation of Orders**, which is available on bulletin boards at our points of sale and on

<sup>10</sup> SRI is the abbreviation of the words “Sustainable and Responsible Investments”.

<sup>11</sup> **Selected financial product** means: i) financial products created or issued by the Bank, or established at the Bank, which are offered or provided by the Bank itself directly to its clients or potential clients or the offer, sale or provision of which is ensured by the Bank through other persons performing for the Bank distribution, subscription, placement, mediation or other similar services, ii) financial products created, issued, provided, or offered by any member of the ISP Group or by any related party or established at any member of the ISP Group or any related party or distributed, subscribed, placed or otherwise acquired or mediated through any member of the ISP Group or any related party, the distribution, subscription, placement, or other means of acquisition or mediation of which is ensured by the Bank for the given member of the ISP Group or given related party, iii) financial products created, issued, provided, or offered by any contractual partner (intermediary/issuer outside the ISP Group) or established at any contractual partner outside the ISP Group or distributed, subscribed, placed, or otherwise acquired or mediated through any contractual partner outside the ISP Group, the distribution, subscription, placement, or other means of acquisition or mediation is ensured by the Bank for the given contractual partner.

<sup>12</sup> For instance, if the client’s financial instruments or financial resources involve a financial security, a right to set-off, a pledge, other security right, or if it relates to the financing of securities or other use of financial instruments of a retail client for the securities trader’s or another client’s own account, or if the financial instrument involves a guarantee or other third-party commitment to satisfy the creditor’s claim.

our website [www.vub.sk/en/](http://www.vub.sk/en/) under the section About VÚB/Mission and Values/Investor Protection.<sup>5</sup>

We are obliged to inform retail clients in advance of any serious obstacles to due execution of an order that we are aware of.

## 8 Accounts of financial instruments

Upon agreement, we can keep your securities account on which your financial instruments will be registered. These accounts are maintained with the support of the following third parties:

- Centrálny depozitár cenných papierov SR, a. s. (Central Securities Depository) / Bratislava
- Clearstream Banking S.A. / Luxembourg
- Bank PEKAO / Warsaw
- CIB Bank / Budapest
- Komerční banka, a. s. / Prague
- Privredna banka Zagreb
- Bank Vontobel / Zürich
- ALLFUNDS BANK INTERNATIONAL, S.A./Luxembourg
- Intesa Sanpaolo S. p. A. / Turin, Milan
- collective investment undertakings specified in **Section 11** below.

Regarding foreign securities, we also have aggregated accounts open with third parties, on which financial instruments are registered on behalf of VÚB, a. s. for the clients of VÚB, a. s. Concurrently, we keep internal records distinguished by securities accounts in accordance with the requirements laid down in the Securities Act.

For details, including the responsibilities of VÚB, a. s. and warnings about potential risks, if any, see the relevant contractual documents, or we will notify you about them separately.<sup>13</sup>

## 9 Communication of information

According to the investment service, we shall send you the following information concerning financial instruments and financial assets:

- notification of the execution of your order – confirmations;
- information about the change of your assets as of a specified date – change statements;
- information about the state of your assets as of the specified date – status statements (clients of private banking services receive status statements on a quarterly basis – “Report on the State of Assets”);
- information on total annual costs and associated charges;
- information about the regular portfolio suitability assessment – VÚB, a. s. provides its clients who use investment advisory services with the Suitability Report (quarterly/half-yearly) in line with the contractual documentation.

The information is sent according to the following table, where “D+1” means the first trading date after executing an order or after the day we received information about the execution of the order from a third party:

	Confirma- tion	Change statement	Status statement	Information on costs and charges
Securities, if the client’s securities account is maintained with VÚB, a. s.	D + 1	-	-	-
Securities, if the client’s securities account is maintained with VÚB, a. s., including foreign securities	D + 1	D + 1	Quarterly	Yearly
Eurizon SK mutual funds – single investment	D + 1	D + 1	Yearly/ quarterly*	Yearly
Foreign mutual funds – single investment	D + 1	D + 1	Quarterly	Yearly
Regular investment (saving) in Eurizon SK mutual funds	Half-yearly	Half-yearly	Half-yearly/ quarterly*	Yearly
Regular investment (saving) in foreign mutual funds	Half-yearly	Half-yearly	Quarterly	Yearly
Derivatives	D + 1	-	-	Yearly

\* VÚB, a. s. provides its **clients who use investment advisory services** with status reports on a quarterly basis regardless of the financial instruments contained in the client’s portfolio.

This information is communicated in the form chosen by the client (primarily electronically and on request in paper form in line with Securities Act.) and can be grouped in a single document or in a single consignment. Other means of communication, its frequency as well as the communication of other information may be subject to a separate agreement. Extraordinary generation

<sup>13</sup> For example, if the keeping of the account is or will be subject to the laws of a non-EEA Member State, due to which the client’s right may differ.

of documents is possible, which is usually charged in line with the **Price List of VÚB, a. s.**, as specified in **Section 11** below. We recommend that you read this information immediately upon receiving it. Should you have any objections, you must deliver it to us in the manner and within the period specified in the contractual documents.

## 10 Protection of client assets

With regard to investment services, we have taken measures to protect client assets. These measures focus on:

- separation of client assets from those of VÚB, a. s.,
- precise and concurrent keeping of accounts and records,
- regular consolidation of accounts and records,
- identifiability of client assets on accounts, and
- prevention of losses and of impairment of assets and rights.

Compensation for unavailable client assets is ensured through the Investment Guarantee Fund (GFI). Please, refer to **Annex 5** to find out whether the transaction that you request is subject to IGF protection and under what conditions.

## 11 Conflicts of interests

Upon the provision of investment services and ancillary services, as well as the performance of investment activities, we make sure that we avoid and manage any potential conflicts of interest that may present a risk of damaging clients' interests. Therefore, we:

- regularly check whether a conflict of interests has occurred or threatens to occur (*mapping*);
- have introduced a system of prompt reporting of conflicts of interests (*notification/whistleblowing*);
- immediately assign solutions to any conflicts of interests identified (*management*);
- keep records concerning conflicts of interests (*record keeping*);
- inform our clients in advance of the conflicts of interests that cannot be avoided despite administrative and organisational measures, inform clients about the specific nature of the conflict of interests, while taking into account the client's characteristics, explain the nature and source of the conflict of interests, including the risks to which the client is exposed and the ways of mitigating them so that the client may take an informed decision (*disclosure*).

Concrete solutions to conflicts of interests include, in particular, measures taken within the organisational structure, remuneration policy arrangements, rules of communication with clients, rules of equal treatment of clients, handling of orders in the order of their receipt, and application of the "Strategy of Execution, Transmission, and Allocation of Orders".

## 12 Price of Services

It should be noted that the provision of investment services involves certain costs which are reflected in the price. For the total price in euro currency that you pay, including further details on the costs, see the **Price List of VÚB, a. s.** Its current version is available at our points of sale and on our website [www.vub.sk/en/](http://www.vub.sk/en/) under the "Price List" section. Upon individual arrangement, we can communicate this information to you in a different manner.

Please, note that, that in connection with trades related to financial instruments or investment services, you may incur other costs, which are not paid through VÚB, a. s. and are not requested by VÚB, a. s.

Such costs include taxes, as an example.

Please, be informed that, in line with the market practice, we receive from collective investment undertakings a part of the fees paid by the clients (inducements) for the provision of investment services concerning units and similar foreign securities. Collective investment undertakings are asset management companies and other entities that manage funds. Depending on the particular fund, we receive 0–100% of the entry fees and 10–90% of the management fees from the following collective investment undertakings based on the distribution contract:

- Eurizon Asset Management Slovakia, správ. spol., a. s. / Bratislava
  - Eurizon Capital, S.A. / Luxembourg
  - Generali<sup>14</sup> / Luxembourg
- Allfunds:
- Allianz Global Investors / Munich
  - BNP Paribas Asset Management/ Luxembourg
  - Fidelity International / Boston
  - Franklin Templeton / San Mateo
  - NN Investments / The Hague

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<sup>14</sup> Depending on the specific fund, VÚB, a. s. receives an annual fee of up to 1% of NAV under the distribution contract.

In connection with the provision of investment services regarding units of funds, VÚB, a. s. is authorised, under the distribution agreement, to receive from Eurizon Asset Management Slovakia, správ. spol., a.s. 50–100% of the subscription fee (this incentive only applies to funds with a subscription period).

In connection with the provision of investment services regarding units of funds, VÚB, a. s. receives, under the distribution agreement, 0–10 EUR from Eurizon Asset Management Slovakia, správ. spol., a.s. for setting up investment savings.

In connection with the provision of investment services to clients regarding units of funds, VÚB, a. s. receives from third parties, in compliance with Article 73b(2) of the Securities Act, monetary benefits and/or non-monetary benefits in the form of trainings or the organisation of competitions.

VÚB, a. s. may, within the framework of providing investment services to an issuer of securities (subscription and/or placement) under a distribution agreement and subject to market conditions, receive a distribution fee of up to 10% of the total volume of financial instruments sold under distribution.

The inducements obtained in this way serve to improve the quality of investment services for clients and do not prevent the obligation of VÚB, a. s. to act in clients' interest.

For more information about the inducements, please, refer to the relevant Product Sheets, the contractual documentation, as well as the annual information about costs and charges. Should you need more details concerning this particular section, you can contact our points of sale or file a request, which we shall review pursuant to the Securities Act.

### **13 Complaints and dispute resolution**

The method of handling complaints, claims, and suggestions is detailed in the **Complaints Handling Rules** of VÚB, a. s., available at [www.vub.sk](http://www.vub.sk).

In accordance with Article 69(4) of the Securities Act and Article 26(5) of Commission Delegated Regulation (EU) 2017/565, VÚB, a. s. informs you that any disputes arising in connection with investment and ancillary services will be preferably resolved by negotiations between the parties. The possibilities of alternative dispute resolution are specified in paragraph 6.2. of the Complaints Handling Rules. The client or the potential client is authorised to resolve any potential dispute also pursuant to Act No. 160/2015 Coll. Code of Civil Procedure, as amended. The client has the right to file a complaint through the Financial Consumers Protection Department of the National Bank of Slovakia.

## Annex 1 – Identification Data and Contact Details

### Address of the Headquarters and Head Office:

Všeobecná úverová banka, a. s.  
Mlynské nivy 1  
829 90 Bratislava  
Slovak Republic

### Website:

[www.vub.sk](http://www.vub.sk)

### Identification data:

Companies Register of District Court Bratislava I,  
section: Sa, file no.: 341/B  
Company reg. no.: 31 320 155  
Tax ID: SK2020411811  
VAT ID: 2020411811  
Bank code: 0200  
Bank's designation: SUBA  
SWIFT code: SUBASKBX

### Contact Centre – CONTACT service:

Phone no.: 0850 123 000 (within Slovakia)  
or +421 2 48 55 59 70 (from abroad)  
E-mail: [kontakt@vub.sk](mailto:kontakt@vub.sk)

### Operators:

(during working days from 7:30 to 18:00 o'clock)  
Phone no.: 02/50 55 11 11  
Fax: 02/55 56 66 56

### Private banking:

Phone no.: 02/50 55 9211  
E-mail: [privatebanking@vub.sk](mailto:privatebanking@vub.sk)

### Currency operations, money market

Phone no.: 02/50 55 93 10, 02/50 55 94 10

### Capital market

Phone no.: 02/50 55 94 01, 02/50 55 96 50, 02/50 55 95 95

### Structured MM products, interest rate derivatives, currency options

Phone no.: 02/50 55 96 50, 02/50 55 95 95, 02/ 50 55 96 10

## Annex 2 – Scope of licence

The scope of our licence is shown in the table below in different colour fields combined with textual descriptions. The text is abbreviated for greater clarity.

		Financial instruments									
		Transferable securities	Money market instruments	Units and similar foreign securities	Financial derivatives	Commodity derivatives without physical delivery	Commodity derivatives with physical delivery	Other commodity derivatives	Credit derivatives	Financial contracts for difference	Other derivatives
Investment services & investment activities	Receipt and transmission of client's order					1.	2.				3.
	Execution of client's order					1.	2.				3.
	Trading for own account					1.	2.				3.
	Portfolio management <sup>15</sup>										
	Investment advisory services										
	Subscription and placement on a firm commitment basis										
	Placement without a firm commitment basis										
	Organisation of a multilateral trading system										
Ancillary services	Safekeeping and administration, holder administration, and related services										
	Loans and credits to investors										
	Corporate advisory services										
	Currency conversions for investors										
	Investment survey, financial analyses, recommendations										
	Subscription-related services										
	Services related to underlying assets of derivatives										4.

Ad 1. Only options, swaps, and forwards on commodities without physical delivery.

Ad 2. Only options, swaps, and forwards on commodities with physical delivery.

Ad 3. Only options, swaps, and forwards on emission allowances and inflation.

Ad 4. Relates to the receipt and transmission of clients' orders, execution of clients' orders and trading for own account with respect to forwards on emission allowances.

The described licence forms part of a wider banking licence. For more details, please, visit [www.orsr.sk](http://www.orsr.sk) or [www.nbs.sk](http://www.nbs.sk).

## Annex 3 – Details on client categorisation

The legal framework for MiFID client categorisation is constituted by Article 8a of the Securities Act (professional client, retail client), Article 73u of the Securities Act (eligible counterparty), and Article 45 of the Delegated Regulation<sup>16</sup> (notification of categorisation and change of categorisation).

The criteria for including clients into categories are laid down in the Securities Act. In principle, the following criteria apply:

<sup>15</sup> Currently VUB does not provide portfolio management service.

<sup>16</sup> Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

- professional client is a client with professional knowledge, experience, and expertise in investment,
- eligible counterparty is a party whose position is equivalent to that of the investment firm;
- other clients fall into the retail (non-professional) client category.

The categorisation of which we inform you usually covers all investment services that we shall provide to you. You may request in writing to be included in a different category, either of a lower level (opt-down), accompanied by higher client protection, or of a higher level (opt-out), accompanied by lower client protection. For this purpose, you can use the request form:

#### **Opt-up**

You may request us to be included in the category:

- professional client instead of retail client;
- eligible counterparty instead of professional client.

In these cases, we need to assess whether you meet the legal criteria, so we may request additional information from you.

#### **Opt-down**

If you find out that you are unable to appropriately assess or manage the risks related to the given investment service, you may request us to be included in the category:

- retail client instead of professional client;
- professional client instead of eligible counterparty;
- retail client instead of eligible counterparty.

If you wish to change the category, please, visit our point of sale and ask for the corresponding request form.

Client protection level means the rights attributed to the given category under the MiFID II legislation, in particular the Securities Act, namely:

**Retail clients** are entitled in particular to appropriate and prompt handling of complaints, special consent in the case of the financing of securities or other use of the client's financial instruments for the securities trader's or other client's own account, handling by professional qualified staff, the communication of information in the manner which is clear, transparent and not misleading, the provision of pre-trade information well ahead of the provision of the investment service, availability and completeness of information about the financial instrument, information about the costs and associated charges, conclusion of the general agreement in writing or on other durable medium prior to the first provision of the investment service<sup>17</sup>, the sending of information about the provided investment services in the set nature, frequency and deadlines, and obtaining of the best possible result upon the execution of orders, mainly in terms of total costs and corresponding care.

**Professional clients** are entitled in particular to appropriate and prompt handling of complaints, the communication of information in the manner which is clear, transparent and not misleading, availability and completeness of information about the financial instrument, information about the costs and associated charges, conclusion of the general agreement in writing or on other durable medium prior to the first provision of the investment service<sup>18</sup>, the sending of information on the provided investment services in the set nature, frequency and deadlines, the possibility for the client assets to be deposited in a non-Member State of the European Economic Area under less strict conditions; with respect to professional clients, it is possible to waive the requirement for exploring the client's knowledge and experience by means of the investment questionnaire, and such client may be subject to less strict procedures in order to obtain the best possible result during the execution of the order.

**Eligible counterparties** do not enjoy client protection based their knowledge and experience explored by means of the investment questionnaire, special procedures to obtain the best possible result upon the execution of order, or rules for the execution of limited orders.

Please, note that the protection of client assets through GFI is not contingent on the given categories and is subject to special rules. For more details, see **Section 9** and **Annex 5** hereof.

<sup>17</sup> In connection with the provision of investment advice services, this obligation exists only where a periodic assessment of the suitability is provided to the client (Article 58 of Commission Delegated Regulation (EU) 2017/565).

<sup>18</sup> In connection with the provision of investment advice services, this obligation exists only where a periodic assessment of the suitability is provided to the client (Article 58 of Commission Delegated Regulation (EU) 2017/565).

## Annex 4 – Description of financial instruments and products, and risk warnings

The information about securities provided herein applies by analogy to securities, which carry similar rights, and to similar foreign securities. We provide separate information on selected derivatives and related products, which are, not listed here (e.g. product cards for the Sales Department clients).

Description of the financial instrument/product	Proceeds	Risks	Other information
<p><b>SHARE (STOCK)</b> is a security that represents the rights of a shareholder as a partner to take part, pursuant to the laws and the articles of association of a joint stock company, in its management, profits, and proceeds after the winding-up of the joint stock company by liquidation. The share (stock) thus represents a share in the company's equity. It has a precisely defined nominal value, which is stated in money. The shareholder has the right to a share in the company's profits (dividend) intended for distribution under the decision of the general meeting, based on the profit/loss results. The shareholder does not have the right to fixed, pre-guaranteed proceeds or interest on its shares.</p>	<p>The proceeds from an investment in shares consist of dividends and exchange-rate gains/losses. These, however, cannot be predicted with certainty. The share price may grow as well as fall. The market price of a share depends exclusively on supply and demand on the market, whereas demand is affected by several factors:</p> <ul style="list-style-type: none"> <li>• attained economic results of the company (profit and loss)</li> <li>• negative or positive information about the company</li> <li>• overall economic situation in the country</li> <li>• situation in the securities market, etc.</li> </ul> <p>The payment of dividends is not guaranteed, and depends on the decision of the company's general meeting on the payment of dividends. An investment in the form of shares can be converted into cash only by the sale of such shares. The difference between the sales price and purchase price is investor's profit or loss.</p>	<p>Investment in shares is associated with the risk of decrease of the share price. The share price may fall in the event of negative economic results of the company. The share price may also fall in the case of overall sell-off of shares in the country or in the region. With respect to foreign currency shares, the price may fall with the strengthening of the domestic currency or weakening of the foreign currency in which the share is traded. As for shares on an illiquid market (which is little traded), it may happen that, when sold, there is no one interested in purchasing them at a reasonable price, and the shares are therefore sold at a lower price. If the share price after investment falls and the share is sold at a price lower than the purchase price, the investor will suffer a financial loss.</p>	<p>Shares are traded through or off the stock exchange. When trading on the stock exchange, it is necessary to adhere to the applicable stock exchange rules. The risk of a worse price on the stock exchange may be mitigated by setting a limit for the order. If a share is traded on different stock exchanges in different currencies, it involves both the exchange rate risk and currency risk. Stock exchanges always charge fees which are reflected in the total price of services.</p>
<p><b>BOND</b>, including a mortgage bond/covered bond is a security which involves the right of the owner (creditor) to request the repayment of the due amount in a nominal value as well as proceeds from such bond as of a certain date, and the obligation of the party authorised to issue bonds (issuer or creditor) to satisfy these obligations. The owner of the bond does not have the right to take part in the general meeting of the issuer or otherwise influence its economic results. The bond owner is the creditor with respect to the issuer, and the issuer is the debtor with respect to the bond owner. Upon payment of all proceeds and of the nominal value of the bond, the bond ceases to exist.</p> <p>The bond's maturity is usually over one year.</p>	<p>The proceeds (called coupons) are usually paid out in regular intervals. The proceeds from the bond can be set by:</p> <ul style="list-style-type: none"> <li>• a fixed interest rate,</li> <li>• a fixed interest rate and a share in profits,</li> <li>• the difference between the nominal value of the bond and its lower issue price,</li> <li>• a drawable premium or a premium according to the bond's maturity period,</li> <li>• a variable interest rate or exchange rates development depending on the movement of interest rates or exchange rates on the financial market,</li> <li>• a combination of the aforementioned methods.</li> </ul> <p>There are also zero-coupon bonds. An investor who holds such bond until the maturity date attains proceeds which equal to the difference between the issue price of the bond (or its purchase price) and the nominal value of the bond.</p>	<p>The bond price is influenced by several factors, in particular:</p> <ul style="list-style-type: none"> <li>• the interest rates,</li> <li>• the credit spread amount for the respective security issuer,</li> <li>• liquidity of the security, i.e. its ability of being sold on the relevant market at the market price and market liquidity,</li> <li>• exchange rate between the currency in which the bond is issued and the domestic currency of the investor.</li> </ul> <p>In the case of holding a bond, the price is negatively affected by interest rate increase, credit spread increase, decrease in liquidity, and strengthening of the domestic currency against the currency in which the bond is issued. In the event of an adverse development of these risk factors, the investor will suffer a loss. In borderline cases, it may happen that the issuer will not be able to pay the proceeds and the nominal value; the investor thus bears the credit risk.</p> <p>Bonds with a higher coupon involve a higher risk of failure of the issuer to comply with its commitment. The ability to repay its liabilities is assessed by independent rating agencies</p> <p><b>(Standard &amp; Poor's, Moody's a Fitch).</b></p> <p>The issuer's/bond's rating ranges from the highest quality grade AAA/Aaa to grade D with a very high probability of default. Bonds rated BBB/Baa and higher fall within the investment grade.</p> <p>They are unlikely to fail and should be a stable investment. Bonds with BB/Ba rating and lower are junk bonds which fall within the speculative band and are more likely to fail.</p> <p>In general, government bonds with a high investment grade are considered the most secure.</p> <p>The bonds of high-quality banks and firms with AAA–A rating can be considered secure. Bonds with BB rating and lower involve a higher default risk.</p>	<p>Bonds are tradeable through or off the stock exchange with similar impacts as in the case of shares (see above).</p> <p>In the case of bonds, which are also traded on the stock exchange, the prices created on the stock exchange can significantly differ from OTC prices.</p>

Description of the financial instrument/product	Proceeds	Risks	Other information
<p><b>UNIT of funds</b> is a security which involves the right of its owner (unit-holder) to a corresponding share in the assets of a mutual fund, as well as the right to take part in the proceeds of such assets. A mutual fund is the joint property of the unit-holders. A mutual fund does not have a legal personality; therefore, mutual funds are created and managed by asset management companies.</p> <p>For the management of the assets in the mutual fund, the asset management company charges a fee which reduces the net value of the assets in the mutual fund. Each fund has its Management Regulation, a Sales Prospectus, and Key Investor Information with all important information that the client may need to take a decision.</p>	<p>The proceeds may consist of two components – changes in the current value of the unit, and the proceeds paid out. The price of the unit may grow as well as fall. The price of the unit depends on the market prices of financial instruments owned by the given mutual fund. If the investor wishes to assess the possible development of the price of the unit, the composition of the assets of the given mutual fund and its investment strategy must be considered.</p> <p>Pursuant to the mutual fund's Management Regulation, the proceeds can be either paid out to the unit-holders, or they can be converted into the current value of the unit or issue of new units.</p>	<p>The risks associated with mutual funds depend on the mutual fund investments. If the mutual fund invests in shares, bonds, or other securities, the risks relate to these financial instruments (see risks described with respect to the given financial instruments). Where the price of the unit after investment decreases or the price growth is lower than the fees, the investor suffers a financial loss.</p> <p>Units issued in a foreign currency are also associated with the currency risk, i.e. the price may fall with the strengthening of the domestic currency or weakening of the foreign currency. Under the Act on Collective Investment, each mutual fund establishes the Synthetic Risk and Reward Indicator (SRRI), which serves for a comparison of the risk profile of the products or mutual funds within the entire European Union. The SRRI takes into account exclusively the historical development of the investment value, which may cause its limited use for predicting the development of the investment's risk in the future. The SRRI value is specified in the document Key Investor Information of each mutual fund and is regularly reviewed by the asset management company pursuant to the Act on Collective Investment.</p>	<p>Categories of funds:</p> <ul style="list-style-type: none"> <li>• standard mutual funds (UCITS) are open-end mutual funds (the unit-holder has the right to request the asset management company to pay out the units), which invest in transferable securities and other liquid financial actives in compliance with the applicable European Union legislation; the foreign collective investment undertakings that comply with this legislation are called European funds;</li> <li>• special mutual funds (non-UCITS), which invest in assets defined by the Act on Collective Investment or by the Management Regulation.</li> </ul>
<p><b>BILL OF EXCHANGE</b> is a marketable security, representing a written commitment that must have a precisely specified form (elements). The owner of a bill of exchange has the right to demand the payment of the amount indicated in the bill of exchange within the specified date. The bill of exchange is usually due within one year.</p>	<p>The proceeds consist of the difference between the amount paid by the investor upon the issue of the bill of exchange and the amount paid on the day of repayment of the bill of exchange.</p>	<p>Investment in bills of exchange involves liquidity risk and currency risk. If the investor wishes to sell a bill of exchange before maturity, it may happen that no one interested in buying the bill of exchange for a reasonable price is found, and the bill of exchange is sold at a lower price.</p> <p>Where the bill of exchange is issued in foreign currency, its price may fall with the strengthening of the domestic currency or weakening of the foreign currency. If the investor sells the bill of exchange at a price lower than when bought, they will suffer a financial loss. In borderline cases, it may happen that the one to pay for the bill of exchange is unable to meet their obligation, as a result of which the investor bears the credit risk.</p>	<p>There are various sub-types of bills of exchange. From the point of view of the bank, these can be:</p> <ul style="list-style-type: none"> <li>• investment bills of exchange, i.e. bills of exchange issued by the bank and paid for by the bank itself;</li> <li>• corporate bills of exchange, i.e. bills of exchange paid for by a third party.</li> </ul>
<p><b>Investment certificate</b> is a security the proceeds and price of which depend on the agreed underlying asset. The issuer is usually obliged to buy or sell investment certificates throughout the entire period until maturity. An investment certificate allows for investments even in small volumes. The maturity of the certificate is usually final (though there are also open-end certificates). Certificates are traded both on and off the stock exchange.</p>	<p>The proceeds vary depending on the type of investment certificate. The proceeds can be paid either in the form of a coupon (gradually or upon maturity), or in the form of a higher price of the certificate upon fulfilment of the condition set at the beginning. Throughout the existence of the investment certificate, the client may also realise capital gains if they sell the certificate before maturity.</p>	<p>Investment in an investment certificate is associated with the following risks:</p> <p>Credit risk: the risk that the issuer is unable to meet their commitments properly and on time. Such situation can be caused, for example, by negative market developments, wrong management decisions, criminal activity, and other unexpected events. The investor's loss may reach up to 100% of the invested amount.</p> <p>Market risk: risk of decline of the investment value due to a change in the price of the underlying investment. Market risk can be equity risk, currency risk, as well as interest rate risk.</p> <p>Currency risk: where the currency in which the certificate is denominated differs from the principal currency of the investor, the investor faces the risk of negative exchange rate development.</p>	<p>Types of investment certificates:</p> <ol style="list-style-type: none"> <li>1. share and bond investment certificate</li> <li>• participatory (index, basket, tracker certificates, etc.)</li> <li>2. with a predefined return (discount, bonus, inversion, express, guaranteed, leverage, band, and other certificates)</li> </ol>
<p><b>ETF</b> is a security tradable on the stock exchange, the price of which changes during the day (like with shares). The asset management company charges a fee for ETF administration. Each fund has its Sales Prospectus and Key Investor Information with all necessary details for the client to take a decision.</p>	<p>The proceeds may consist of two components – capital gains and dividend income.</p>	<p>The risk associated with investment in ETF may be based on several factors. The most important risks include market risk, currency risk, credit risk, and liquidity risk:</p> <p>Market risk: the market price of an ETF depends on the prices of the underlying assets in which the ETF is invested.</p> <p>Currency risk: where the currency in which the ETF is denominated differs from the principal currency of the investor, the investor faces the risk of negative exchange rate development.</p> <p>Credit risk: there is a risk of failure to comply with its obligations by the ETF issuer.</p> <p>Liquidity risk: the ETF liquidity follows the liquidity of the underlying assets. Liquidity is then guaranteed by the market maker for the given ETF.</p>	

Description of the financial instrument/product	Proceeds	Risks	Other information
<p><b>STRUCTURED DEPOSITS</b> (e.g. individual issues of Guaranteed Deposit products or RIO structured deposit) are deposit accounts with the possibility of obtaining higher returns compared to standard deposit products.</p> <p>Types of income from this product:</p> <ul style="list-style-type: none"> <li>• guaranteed (basic interest), and</li> <li>• contingent (bonus interest).</li> </ul> <p>Depending on the conditions of a specific issue, the client can also be paid an initial interest, i.e. interest for the initial tie-in period.</p> <p>In addition to the guaranteed part of the income, the payment of the deposited amount (principal) upon expiry of the tie-in period is also guaranteed under the product. The deposit is subject to protection through the Deposit Protection Fund (see Section 10 and Annex 5 to this document).</p>	<p>The total product yield is given by the sum of the basic and bonus income. The basic yield is paid at a pre-agreed amount and as of a pre-agreed date. The bonus yield is paid to the client only upon fulfilment of the pre-agreed conditions. The calculation of the proceeds is usually tied to the value or development of a certain underlying asset, which can be, for instance, the equity index, the stock basket, the currency pair, the basket of currency pairs, or the interest rate.</p> <p>The rules of calculation as well as the range of the potential bonus yield are specified in the special business terms and conditions for the product.</p>	<p>Since it is a term deposit account, a fee is usually charged in the case of early termination. Depending on the fulfilment of the conditions for payment of the bonus part of the proceeds, the total proceeds may be lower than the early termination fee.</p> <p>As a rule, this product can be cancelled only as a whole. The proceeds from structured deposits in foreign currency may fall with the strengthening of domestic currency or depreciation of the foreign currency. The proceeds from structured deposits without paying the bonus part of the proceeds (i.e. where the conditions are not met) may be lower than the return on any other term account.</p> <p>By depositing money in this product type, the client accepts the risk associated with income variability within an agreed range depending on the value or development of the underlying asset.</p>	<p>The information contained in this section does not apply to DEPO+ and BONUS DEPO products (these products as well as the risks are described below). By analogy, the information refers to structured deposits offered to private banking clients to the extent which is not contrary to or does not change the content of the information stated in the detailed product definition or in the contractual documentation for the given private banking product.</p>
<p><b>FOREIGN EXCHANGE FORWARD</b> is a derivative representing a transaction (commitment) of mutual exchange (conversion) of two currencies with maturity longer than the spot currency, i.e. minimum D+3, where D means the day of conclusion of the transaction, whereas the future exchange rate is set on the day the commitment arises (term operation). This operation involves the fixing of the exchange rate for future currency conversions, thus eliminating the exchange rate risk in cash-flow management in different currencies. The forward exchange rate derives from the spot exchange rate and is adjusted by forward points that represent the amount of the interest rate differential for the period until maturity of the forward.</p>	<p>The proceeds represent the difference between the current spot exchange rate on the forward maturity day and the agreed forward exchange rate.</p>	<p>The price of a forward transaction is influenced by the exchange rate, the interest rates of the domestic currency, and the interest rates of the foreign currency.</p> <p>If these factors change to the detriment of the investor, it may happen that, after the forward transaction has taken place, the investor will suffer a financial loss or will make less profit than if they had opted for interest accrual on the deposit in domestic currency and later conversion at the spot rate, or current conversion and interest accrual on the deposit in foreign currency.</p>	<p>Types of forward transactions:</p> <ul style="list-style-type: none"> <li>• with physical delivery</li> <li>• without physical delivery (non-deliverable forward)</li> <li>• with variable maturity (Time Option)</li> </ul>
<p><b>CURRENCY SWAP</b> is a derivative, which is a combination of a currency spot and term operation (see above), representing the sale/purchase of one currency for another with the simultaneous repurchase/resale after a certain time at a pre-agreed exchange rate, while the transaction volume remains unchanged.</p>	<p>The proceeds represent the difference between the current spot rate on the maturity day of the forward and the agreed forward rate.</p>	<p>The price of the swap transaction is influenced by the exchange rate, interest rates of the domestic currency, and interest rates of the foreign currency.</p> <p>If these factors change to the detriment of the investor, it may happen that, after the swap transaction has taken place, the investor will suffer a financial loss or will make less profit than if they had opted for interest accrual on the deposit in domestic currency.</p>	<p>Types of swap transactions:</p> <ul style="list-style-type: none"> <li>• buy &amp; sell – immediate purchase of basic currency</li> <li>+ term sale of basic currency</li> <li>• sell &amp; buy – immediate sale of basic currency + term purchase of basic currency.</li> </ul>
<p><b>CURRENCY OPTION</b> is a derivative that gives the buyer the right to buy or sell one currency for another at a pre-agreed date and at a pre-agreed exchange rate. Thus, the buyer of the option has the right, but not the obligation (unlike the seller) to execute the agreed transaction, paying an option premium to the buyer for this right.</p> <p>There are two basic types of options:</p> <p>The purchase option (Call) entitles the buyer to buy one currency for another on the exercise date at the exercise price.</p> <p>The sale option (Put) entitles the buyer to sell the agreed currency on the agreed exercise date at the agreed exercise price.</p>	<p>The proceeds represent the difference between the current spot rate on the date of exercise of the option and the agreed price of the option.</p>	<p>If the exchange rate does not develop favourably, it may happen that the option is not exercised, and the buyer will only pay the option premium.</p>	<p>Types of currency options:</p> <ul style="list-style-type: none"> <li>• European option – allows to exercise the option only at the end date of the maturity period, i.e. on the day of expiration of the option;</li> <li>• American option – allows to exercise the option at any time throughout the entire period of the option's validity.</li> </ul>
<p><b>DEPO+</b> is a special structured deposit which allows for above-standard interest accrual on the deposit, as well as participation in a favourable exchange rate movement, using the expected exchange rate movement of the selected currency pair. It is intended mainly for those clients who need to buy (or sell) another currency, but are not satisfied with the current spot rate and, at the same time, dispose of available funds for purchase (or sale), deposited on a current account with standard interest rates.</p>	<p>The client enjoys guaranteed above-standard interest accrual on their deposit under any conditions; in the event of a favourable exchange rate development and subsequent currency conversion, the client may even attain proceeds that represent the difference between the current spot rate as of the date of DEPO+ maturity and the agreed rate for potential conversion.</p>	<p>If the exchange rate moves in a favourable direction, but significantly exceeds the agreed limit, the investor will lose part of the profit that they would have had if they had accrued interest on their deposit in domestic currency with later conversion under market conditions.</p>	<p>Two days prior to DEPO+ maturity, the agreed exchange rate for the potential conversion is compared to the current exchange rate of the National Bank of Slovakia and, in the case of a positive development, the deposited funds will be converted into the other currency at the agreed rate. Otherwise, the client will receive the originally deposited currency. The interest income is credited in the original currency of the deposit.</p>
<p><b>BONUS DEPO</b> is a special structured deposit intended for clients who seek to attain higher proceeds from available funds as usual on the market. For this purpose, the exchange rate movement of any currency pair within the expected range during the reference period is used.</p>	<p>If the exchange rate of the chosen currency pair does not reach the set range of the exchange rate not even once during the reference period, the bank will pay the principal as well as a preferential interest (bonus) as of the maturity date. If the exchange rate exceeds the upper or lower limit of the set range during the reference period, the bank will pay the principal and the guaranteed minimum interest (Malus) as of the maturity date.</p>	<p>The guaranteed minimum interest is usually lower than the interest on a comparable term deposit. In the event of major fluctuations of the chosen exchange rate and non-payment of the preferential interest rate, the investor may lose part of the profit that they would have had if they had accrued interest on a current term account.</p>	

Description of the financial instrument/product	Proceeds	Risks	Other information
<p><b>INTEREST RATE SWAP (IRS)</b> is a derivative whose underlying asset for calculation is the value of the interest rate. IRS represents a relationship where the buyer of the swap pays a fixed interest rate and the seller pays a variable interest rate, allowing the client to secure themselves against negative interest rate movements. The proceeds represent the difference between the variable interest rate for the given period and the agreed swap interest rate.</p>	The proceeds represent the difference between the variable interest rate for the given period and the agreed swap interest rate	The price of the interest rate swap transaction is influenced by the movement of market interest rates. If this factor changes to the detriment of the investor, the investor may suffer a financial loss after executing the swap transaction.	The interest rate swap is only a financially settled derivative used mainly for securing the risk of negative movement of the interest rate on the loan provided to the client.
<p><b>INTEREST-RATE OPTION</b> is a derivative which gives the buyer the right to obtain financial settlement at a pre-agreed date if the market interest rate is fixed above/under the agreed level. The buyer of the option thus has the right, but not the obligation (unlike the seller), to execute the agreed transaction paying an option premium for this right.</p> <p>There are two basic types of options:</p> <ul style="list-style-type: none"> <li>• Cap option – entitles the buyer to obtain financial income, if the fixed interest rate is above the agreed level for the purchase of one currency for another one at the exercise price on the day of exercising the option.</li> <li>• Floor option – entitles the buyer to obtain financial income if the fixed interest rate is below the agreed level for the purchase of one currency for another at the exercise price on the day of exercising the option.</li> </ul>	The proceeds represent the difference between the fixed interest rate on the day of exercising the option and the agreed option exercise rate.	In the event of an unfavourable development of the interest rates, it may happen that the option is not exercised, and the buyer will only pay the option premium.	
<p><b>COMMODITY SWAP</b> is a derivative whose underlying asset for calculation purposes is a commodity. The commodity swap represents a relationship where the buyer of the swap pays the fixed price, and the seller pays the variable price of the commodity.</p>	The proceeds represent the difference between the average price of the commodity for the given period and the agreed swap price.	The price of the commodity swap transaction is influenced by the movement of market and futures prices of the underlying commodity. If this factor changes to the detriment of the investor, the investor may suffer a financial loss after the swap transaction has taken place.	The commodity swap is only a financially settled derivative without any physical delivery.
<p><b>COMMODITY FORWARD</b> is a derivative the underlying asset of which for the purposes of calculation is a commodity. A commodity forward represents a relationship where the buyer of the swap pays a fixed price, and the seller pays a variable price of the commodity.</p>	The proceeds represent the difference between the fixed price of the commodity on the given day and the agreed forward price.	The price of the commodity forward transaction is influenced by the movement of market and futures prices of the underlying commodity. If this factor changes to the detriment of the investor, the investor may suffer a financial loss after the forward transaction has taken place.	The commodity forward is only a financially settled derivative without any physical delivery.

## Annex 5 – Details on the protection of client assets through GFI

Client assets mean financial instruments, structured deposits, and funds entrusted by the client to a investment firm<sup>19</sup> in connection with the performance of selected investment services. In our case, selected investment services are “Investment Services and Investment Activities” as well as “Custody, Administration, Management, and Related Services” as per **Annex 2** to this document.

Your client assets are subject to GFI protection, if you are:

- A. a natural person, including natural person – entrepreneur;
- B. a foundation, a non-investment fund, a non-profit organisation providing services of general interest, citizens’ association, or an association of owners of flats and non-residential premises,
- C. a legal entity not specified under point B above, **except for the following:**
  1. bank, insurance company, supplementary pension insurance company, asset management company, including pension fund assets, investment firm who is not a bank, central depository, stock exchange, commodity exchange, post office, legal entity operating a lottery or other similar games, Export-Import Bank of the Slovak Republic;
  2. Slovak legal entity not listed in point 1 above or foreign legal entity with a partly identical or similar scope of activities as any of the legal entities listed in point 1;
  3. legal entity not listed in point 1 or 2 which must have its financial statements mandatorily audited by an auditor pursuant to a separate law (e.g. the Accounting Act);
  4. the state, state budgetary organisation, state contributory organisation, state fund, municipality, higher territorial unit, and public authorities;
  5. legal entity established under the law, which is not subject to points 1 to 4 above,
  6. legal entity that controls a investment firm or a foreign investment firm or which is controlled by a investment firm or a foreign investment firm in which or in the branch of which the client assets are held.

The general principle is that the Investment Guarantee Fund (GFI) provides compensation for unavailable client assets as a result of insolvency or bankruptcy of the investment firm up to the maximum amount of EUR 50,000 in total per one client; compensation for unavailable client assets from

GFI shall not be provided:

- for time-barred financial instruments and deposits;
- for the assets of clients who have<sup>20</sup> a special relationship to the investment firm;
- to clients who have been lawfully convicted of a criminal activity by which they have caused client assets unavailability; and
- to clients who have been lawfully convicted of money laundering through which they acquired client assets.

The details of the conditions for the payment of compensation are laid down in the Securities Act and in the GFI document “General Conditions for the Payment of Compensation for Unavailable Client Assets”. For more details, see the “Legislation” section of the website [www.garancnyfond.sk](http://www.garancnyfond.sk).

Please, note that the funds that we have received from you in connection with your deposit are subject to protection through the Deposit Protection Fund (DPF). Information about DPF is disclosed on bulletin boards at our points of sale and in the “Information Service” section on our website [www.vub.sk](http://www.vub.sk).

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19 These also include financial instruments and funds obtained for these values and, under the set conditions, the joint assets of several clients and notarial custody at an investment firm.

20 Or had a special relationship at any time during the one-year period prior to the day the client assets became unavailable.