



SBERBANK

Rules for Executing Client Orders under the Best Conditions

Effective as of 3 January 2018

RULES FOR EXECUTING CLIENT ORDERS UNDER THE BEST CONDITIONS

1. Introduction

Sberbank CZ, a.s., with its registered office at U Trezorky 921/2, Prague 5 - Jinonice, 158 00, Company ID: 25083325, registered in the Companies Register kept at the Municipal Court in Prague, file B 4353, (hereinafter only as "the Bank") introduces the Rules for Executing Client Orders under the Best Conditions (hereinafter only as "the Rules") concerning investment instruments defining in particular the selection of the execution venue for individual investment instruments together with the factors leading to this selection.

2. Scope of application

These Rules are primarily intended to maximally protect the interests of clients who are categorized as non-professional clients under the applicable Capital Market Undertakings Act. At the same time, however, these Rules shall, to a reasonable extent, also apply to the category of professional clients.

By introducing these Rules, the Client shall in no case waive the right to determine the execution venue on which the instruction is to be traded. The Bank will only act in accordance with these Rules in cases where the client does not define the execution venue itself when entering the order. The details of the order are defined in the Business Terms and Conditions for the Securities Investment Services or in the relevant contract.

3. Instructions

3.1 Types of instructions

Types of instructions are based on the definition of instructions and their requirements contained in the Business Terms and Conditions for the Securities Investment Services, or possibly in the description of investment instruments and risk warnings or in the relevant contract.

In association with the instructions for sale, the Bank proceeds on the fact at which execution venue the investment instrument was acquired (purchased). The reason is to limit the costs that may occur in association with transfers of investment instruments between depositories. If this condition cannot be satisfied, the above Rules shall be strictly followed. In the event that the Client, despite the possible costs associated with the transfers between the depository and the Bank's notice of this fact, insists on their own selection of the execution venue, they take these costs into account.

Generalized requirements for future instructions will not be accepted by the Bank.

3.2 Associating Instructions

The Bank does not associate client instructions. Exceptions may include instructions concerning unit trusts traded directly through an investment company which manages the mutual fund or an official distributor of that fund or instructions traded outside regulated public markets (OTC). In these cases, any disadvantage of the client's individual instructions against other associated instructions is excluded.

3.3 Executing the Instructions

The Bank has no direct access to any Czech or foreign regulated market. Similarly, the Bank does not cooperate with any intermediary through which it could execute instructions on the

regulated market. Thus, the Bank can only execute the instruction in the multilateral trading system (MTS), organised trading system (OTS) or outside the regulated markets (so-called over-the-counter, OTC), i.e. directly with the selected counterparty.

Instructions executed outside the public regulated markets and beyond the MTS include the risks described in the Investment Instrument Description, Product Catalogue, or in Product Data Sheets. In particular, the risk of creditworthiness of the counterparty and the risk of transfer. By accepting these Rules, the Client agrees that the Bank trades bonds and derivatives exclusively outside publicly regulated markets.

4. Execution Venue

The execution venue means is the public regulated market, MTS, OTS, systematic internaliser, market maker or any other liquidity provider. For instructions traded outside public regulated markets and outside the MTS or OTS (i.e. the OTC market), it is the Bank that serves as the execution venue for the purposes of these Rules. For collective investment funds, it is the managing investment company that serves as the execution venue.

The Bank has the obligation to publish on its website www.sberbank.cz annually five most frequently used execution venues for each type of investment instruments and each category of clients.

5. Rules for Executing Client Instructions under the Best Conditions

When selecting the best possible conditions for executing Client's instructions, the Bank shall base itself on the following factors:

- a) The price (exchange rate) that can be reached at the execution venue;
- b) The costs of executing the order and settling it charged to clients;
- c) The speed and probability of executing an order (realization);
- d) Probability of settlement;
- e) Volume of requested trade;
- f) Settlement terms;
- g) Order type.

Costs of associated with the execution and settlement of trade include all related fees and commissions, in particular fees to third parties, execution venue fees, settlement institutions, management fees (so-called custody fees), and foreign exchange conversion costs.

The speed and probability of executing the order means the liquidity of the investment instrument within the given execution venue.

The settlement probability parameter means the quality of the settlement point / system of the given execution venue.

The order type parameter indicates the validity of the order and the price limit.

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Weights assigned to individual factors:

Factor	Weight
The price (exchange rate) that can be reached at the execution venue	40 %
The costs of executing the order and settling it charged to clients	20 %
The speed and probability of executing an order (realization)	30 %
Probability of settlement	10 %
Volume of requested trade	0 %
Settlement terms	0 %
Order type	0 %

As the primary factor, the Bank has selected the total costs which consists of the investment instrument's price (exchange rate) and the costs associated with executing the order and its settlement, or related foreign exchange conversions (purchases or sales of foreign currencies). Other factors have only a com-

plementary character (but are directed to the best execution of the order) or are not taken into account at all.

These factors, along with their weights, are applied to all investment instruments.

5.1 Best execution of orders by the category of investment instruments

The Bank distinguishes between the following categories of investment instruments:

- Collective investment funds (mutual funds and investment funds);
- Bonds and similar debt securities;
- Interest derivatives (in particular FRA, IRS, interest options or their combinations);
- Currency derivatives (in particular FX forwards, FX swaps, currency options or their combinations);
- Money market instruments (in particular treasury bills);

The orders executed in the following execution venues:

	Categories of Investment Instruments	Execution Venue
1	Collective investment funds	An investment company managing a particular fund or an official distributor of any such fund.
2	Bonds and similar debt securities	Sberbank CZ (OTC), MTS, OTS
3	Derivatives traded on a regulated market	
	The Bank does not trade in these.	
4	Derivatives traded outside a regulated market	
	The terms and conditions for the execution of these transactions are determined by mutual agreement between the Parties, which is the result of both Client and Bank's market survey (i.e. the price is determined in accordance with the market and the competitive environment). The bank itself serves as the execution venue for the Client.	
	Interest derivatives	Sberbank CZ (OTC)
	Money market instruments	Sberbank CZ (OTC)
	Currency derivatives	Sberbank CZ (OTC)

6. Final Provisions

The Rules for Executing Client Orders are reviewed on an ongoing basis, at least once per year, in particular with regard to significant changes in the factors affecting the choice of execution venues or any other significant circumstances. In such a case, the Bank may proceed to promptly modify these Rules.

The Bank does not notify its Clients individually on modifying this document. The current version is available on the Bank's website www.sberbankcz.cz or in written form at all Bank's branches.

The Client has the right to request the Bank to demonstrate that their instructions have been executed in accordance with these Rules.

These Rules shall come into effect on 3 January 2018.