

DESCRIPTION OF INVESTMENT SERVICES AND A LIST OF MAJOR TRADING VENUES

DESCRIPTION OF INVESTMENT SERVICES

PPF banka a.s. is a legal entity having a licence granted by the Czech National Bank to perform its activities (described in the licence) to the extent defined in Act No. 21/1992, on Banking, as amended, and holding all the permits necessary to provide its core and ancillary investment services to the extent defined in Section 4 of the Capital Market Business Act, as amended (the "CMBA").

This licence authorises PPF Banka a.s. to provide the following core investment services to its clients with whom it has concluded contractual documentation for the provision of investment services:

- a) Reception and transmission of orders in relation to financial instruments,
- b) Execution of orders in relation to financial instruments on behalf of clients,
- c) Dealing in financial instruments on own account,
- d) Investment advice on financial instruments,
- e) Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis,
- f) Placement of financial instruments without a firm commitment basis.

The licence authorises PPF Banka a.s. to provide the following ancillary investment services to its clients with whom it has concluded contractual documentation for the provision of investment services:

- a) Safekeeping and administration of financial instruments, including related services,
- b) Granting credits or loans to an investor to allow them to carry out a transaction in a financial instrument, where the firm granting the credit or loan is involved in the transaction,
- c) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings,
- d) Investment research or financial analyses or other forms of general recommendation relating to transactions in financial instruments,
- e) Foreign exchange transactions where these are connected to the provision of investment services,
- f) Services relating to underwriting in respect of issues or placing of financial instruments.

PPF banka a.s. provides investment services in respect of the following financial instruments defined in Section 3 of the CMBA:

- a) Investment securities,¹
- b) Collective investment securities,
- c) Securities that are principally traded on the money market (money market instruments),
- d) Derivatives.²

To check the validity of the authorisation for PPF banka a.s. to provide investment services, see its Certificate of Incorporation, available, e.g., at www.justice.cz.

Investing in financial instruments involves many general and specific risks. Return and gain, if any, on each investment correspond to the risk associated with the investment. An investment that offers a potentially higher profit is as a rule associated with a higher risk. Gains from a financial instrument in the past are no guarantee for yields to be achieved with the same financial instrument in the future. The client must learn as much as possible about the risks of any contemplated investment or any other transaction, and if anything is unclear or if clients have any questions they must familiarise themselves in detail with the risks of investing in financial instruments and/or request additional information from the Dealer. Professionally qualified employees of PPF banka a.s. who are authorised to provide investment services are obliged to provide the client with information about the nature of each financial instrument and about the risks involved in investing in such an instrument.

PPF banka a.s. prepared the information material entitled "Information on Risks", which contains elementary information about the individual risks stemming from investing in financial instruments and information about the specific risks stemming from investing in derivative financial instruments. PPF banka a.s. recommends that its clients familiarise themselves with this information material prior to entering into any financial instrument transaction and to request additional information from an employee of PPF banka a.s. if they have any doubt or if there is anything they do not understand before they go ahead with the transaction. If a client does not fully understand the conditions under which transactions take place and the potential loss of the invested funds, or in some cases even a loss exceeding the invested amount, the client should refrain from demanding investment services to be provided with such a financial instrument. PPF banka a.s. notifies its clients that it is obliged to discourage them from executing orders which PPF banka a.s. considers not to be proportionate to the client's expertise and experience.

Clients should be aware that when trading in derivatives and instruments involving leverage (e.g., futures contracts or options), the risk of loss is not limited by the invested funds and may even exceed this value (i.e., the loss may be greater than the invested amount). Hence, investing in derivatives is suitable for clients with good knowledge of the capital and financial markets and with more relevant experience.

¹ See Section 3(2) of the CMBA.

² See Section 3(1)(d) to (k) of the CMBA.

LIST OF MAJOR TRADING VENUES

Shown below is a list of the major trading venues where PPF Banka a.s. executes its clients' investment service orders. A description of the main factors evaluated by the authorised employees of PPF banka a.s. for choosing a particular trading venue to provide a specific investment service for a specific financial instrument is contained in the Order Execution Policy.

Shares

For transactions with shares, PPF banka a.s. as a rule chooses regulated markets according to where the shares were issued. For shares traded on multiple regulated markets, PPF banka a.s. gives precedence to the market with the greatest liquidity of the stock concerned.

Examples of trading venues in individual countries, including links to their respective websites, where clients can find information about the trading conditions and schedules:

Australia	Australian Securities Exchange	(www.asx.com.au)
Belgium	Euronext Brussels	(www.euronext.com)
Czech Republic	Prague Stock Exchange	(www.pse.cz)
Finland	NASDAQ OMX Helsinki	(www.nasdaqomxnordic.com)
France	Euronext Paris	(www.euronext.com)
Hong Kong	Hong Kong Stock Exchange	(www.hkex.com.hk)
Hungary	Budapest Stock Exchange	(bse.hu)
Italy	Borsa Italiana	(www.borsaitaliana.it)
Germany	Deutsche Börse	(deutsche-boerse.com)
The Netherlands	Euronext Amsterdam	(www.euronext.com)
Poland	Warsaw Stock Exchange	(gpw.pl)
Portugal	Euronext Lisbon	(www.euronext.com)
Austria	Vienna Stock Exchange	(www.wienerborse.at)
Romania	Bucharest Stock Exchange	(www.bvb.ro)
Russia	MICEX	(moex.com)
Greece	Athens Exchange	(www.ase.gr)
Slovakia	Bratislava Stock Exchange	(www.bsse.sk)
Slovenia	Ljubljana Stock Exchange	(www.ljse.si)
Spain	Madrid Stock Exchange	(www.bolsamadrid.es)
Switzerland	SIX Swiss Exchange	(www.six-swiss-exchange.com)
Turkey	Borsa Istanbul	(www.borsaistanbul.com)
United Kingdom	London Stock Exchange	(www.londonstockexchange.com)
USA	New York Stock Exchange	(www.nyse.com)
USA	NASDAQ	(www.nasdaq.com)

For transactions with shares issued in countries other than those listed above, PPF banka a.s. chooses the regulated market in the respective country according to the current market conditions, or uses markets in Germany or in the United Kingdom, provided that the given stock is traded there.

Bonds

PPF banka a.s. normally trades bonds on OTC (over the counter) markets. Bond transactions registered with the Central Securities Depository (Centrální depozitář cenných papírů, a.s., “CSD”), are settled through the CSD. Relevant clearing systems are used to settle transactions with bonds issued outside the Czech Republic.

Derivatives traded on regulated markets

For trading in derivatives admitted to trading on regulated markets, PPF banka a.s. primarily uses Eurex, Euronext.liffe, Chicago Mercantile Exchange and Chicago Board of Trade, or other markets with a higher liquidity and better terms for the client; it also uses OTC markets.

Authorisation for PPF banka a.s. to transmit an order to a third party for execution

In compliance with the Order Execution Policy, PPF banka a.s. is entitled to transmit any order to a third party, provided that such a third party has proper authorisation to provide investment services and is a member of the trading venue or a multilateral trading facility, which has been selected to carry out the order. PPF banka a.s. must always verify that the third party has implemented proper rules and taken due measures that enable execution of the client’s order in compliance with the Order Execution Policy.

PPF banka a.s. uses third parties for the execution of orders at the trading venues or in multilateral trading facilities exclusively within the Direct Market Access (DMA) mode, where a third party only allows PPF banka a.s. to input clients’ orders directly on to the trading systems of the trading venues or multilateral trading facilities through the third parties’ technical facilities.