

INFORMATION ON INCENTIVES FOR PROVIDING INVESTMENT SERVICES AND DISTRIBUTING INVESTMENT INSTRUMENTS

Incentives

Incentives offered as part of investment services provided by Expobank involve a specific type of conflict of interest.

An incentive means Expobank's acceptance or disbursement of compensation or a financial or in-kind benefit from or to a third party relating to investment services, which is liable to result in a violation of the requirement to provide investment services with due professional care or the requirement to manage and prevent conflicts of interest. **The purpose of this document is to inform customers of incentives prior to the provision of investment services.**

Not considered an incentive is compensation or another financial or in-kind benefit received from or provided to the customer or a person acting on the customer's account.

Expobank manages incentives the same way as other types of conflict of interest. In doing so, Expobank identifies and manages incentives and adopts measures aimed at preventing unacceptable incentives from originating and being accepted, offered, and provided.

An incentive is acceptable provided that:

- its aim is to improve the quality of an offered service as long as it does not contravene Expobank's duty to provide investment services with due professional care, or
- it allows investment services to be provided or it is necessary for this purpose, and its nature does not contravene Expobank's duty to provide investment services with due professional care.

Classification of Incentives

Expobank generally classifies incentives it is allowed to provide or receive into the following categories:

1. Customer Incentives

This type of incentives is acceptable.

Incentives in this category are paid for by the customer, for the customer or to the customer.

2. Incentives Paid to or Provided by a Third Party or for a Third Party

Incentives of this type are acceptable subject to the fulfillment of all of the following requirements:

- Prior to the provision of the main and supplementary investment service, the customer is informed in a clear, detailed, accurate, and understandable manner of the existence, nature, and value of the incentive or, where applicable, the method for calculating its value if the value is not known.
- The incentive helps improve the quality of services provided to the customer.
- The incentive does not contravene the duty of Expobank, acting in the capacity of a securities trader, to provide investment services with due professional care and to avoid conflict of interest.

Rules for Accepting and Providing Incentives

A provided incentive must serve to improve the quality of a service provided to the customer, subject to the fulfillment of all of the following requirements:

- The incentive must be related to a supplementary or higher-level service provided to the customer. As a minimum, the value of the service must be commensurate with the value of the received incentive. These incentives mainly include:
 - Providing access to a wide range of investment instruments that are likely to meet the customer's needs, including an adequate number of third-party investment instrument providers not closely associated with Expobank; combined either with the provision of aids with an added value, such as objective information sources that help the customer make investment decisions or monitor, model, and modify the type of investment instruments used by the customer, or with the distribution of regular reports on performance, costs, and payments related to investment instruments;
 - In certain cases, allowing the use of an investment service with the assistance of private bankers outside the regular business hours, immediately after the receipt of the customer's request or outside Expobank's business premises;
 - Informing the customer, if necessary and where appropriate, of the practical aspects of investing (settlement, transaction process);
 - Informing the customer of important developments on the financial market where possible in view of the provided investment service and applicable laws and regulations;
- A received incentive must not directly benefit Expobank, its shareholders, members, or workers, unless it provides a tangible benefit to a given customer,
- Supplementary higher-level services must be provided to the customer on an ongoing basis if the incentive is ongoing in nature.

Expobank must comply with the requirements throughout the time during which it provides or receives the incentive. Expobank must keep records regarding the fact that incentives thereby provided or received serve to improve the quality of investment services provided to customers.

Research-related Incentives

Research data received from third parties are not considered incentives because such data constitute supply paid for directly by Expobank using its own resources.

Summary

Expobank is required to fulfill requirements laid down in this regulation with regard to both existing and potential customers.

An overview of a specific incentive scheme is enclosed.

Enclosure 1

Commission Scheme

Conseq Investment Management a.s. and Conseq Funds investiční společnost, a.s.

A. COMMISSION FOR TRANSACTIONS WITH SECURITIES AND INVESTMENT INSTRUMENTS

For services concerning **securities** issued by the Funds, Conseq Investment Management a.s., with registered office at Rybná 682/14, 110 00 Prague 1 – Staré Město, Business ID: 26442671, registered under Reg. No. B 7153 in the Commercial Register maintained by the Prague Municipal Court, and services concerning **investment instruments** issued by the Funds of Conseq Funds investiční společnost, a.s., with registered office at Rybná 682/14, 110 05 Prague 1, Business ID: 24837202, registered under Reg. No. B 17126 in the Commercial Register maintained by the Prague Municipal Court,

Expobank is entitled to commission calculated as a ratio of fixed management fees (**maintenance commission**) paid by individual Funds as per their statutes to their manager based on the average value of investments into securities issued by the Funds, which are or were deposited on Expobank's custody account.

The fixed part of management fees means the part of the payment for Fund management that is calculated as a ratio of the Fund's net asset value (NAV).

Annual maintenance commission rates:

| Group of Funds: | Rate: |
|---|-------|
| Conseq Invest, Investment company Funds (excepting the Funds specified on the following line) | 40% |
| Funds of the family of investment companies Active Invest, Private Invest | 50% |
| Franklin Templeton* | 75% |
| C-Quadrat** | 0.3% |
| Other Funds, excepting index funds | 25% |
| Index Funds | 0% |

* For Franklin Templeton Funds, the ratio is calculated from the maintenance charge as per the prospectus as opposed to management fees.

** For C-Quadrat Funds, the ratio is calculated as an annual rated based on the volume of brokered investment transactions.

B. COMMISSION FOR SUBSCRIPTION OR PLACEMENT OF INVESTMENT INSTRUMENTS

For the subscription or placement of investment instruments Expobank is entitled to **one-time commission** from Conseq Investment Management a.s. on the share in one-time compensation paid by investment instrument issuers to Conseq Investment Management a.s., with registered office at Rybná 682/14, 110 00 Prague 1 – Staré Město, Business ID: 26442671, registered under Reg. No. B 7153 in the Commercial Register maintained by the Prague Municipal Court.

The commission amounts to the minimum of 50% of compensation paid by investment Instrument issuers to Conseq Investment Management, the final amount of which depends on each individual issue or placement of investment instruments.