



MiFID II Client Information

VTB Bank (Europe) SE
Rüsterstraße 7-9
D-60325 Frankfurt am Main
Tel: +49 69 2168-0
Fax: +49 69 2168-6319
E-Mail: service@vtb.eu

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1. Client information concerning client classification

The "Markets in Financial Instruments Directive II" ("*MiFID II*") of the European Union, which was transposed into German law by the German Securities Trading Law ("*WpHG*"), requires that financial institutions, such as VTB Bank (Europe) SE ("*VTBE*"), conduct their business with the necessary professional knowledge, care and diligence to ensure that the client's interests are served as best possible. Under this regulation, credit institutions are obliged to collect and record all expedient information about the financial situation of their clients (such as the ability to bear losses or the ability to tie up capital), their previous experience and knowledge with security transactions and investment objectives (risk tolerance, risk reward profile) with respect to the intended investment targets.

Under the WpHG clients are divided into three categories, namely "retail clients", "professional clients" and "eligible counterparties". The extent to which the client is protected by legislation depends on this client classification, whereas the requirements for "professional clients and eligible counterparties" are less stringent than for "retail clients". It is mandatory for financial institutions to inform clients about their appropriateness for the defined client category. In this regard, VTBE will ensure that new clients as well as existing clients are notified and classified in one of the following client category, i.e. retail client, professional client or eligible counterparty, depending on the client's needs and characteristics. Furthermore, VTBE informs its clients about the right to request a different classification and any limitations in the context of client protection that a different classification would entail.

Client categories

- Retail clients: The strictest protection regulations apply to the category of retail clients. All clients who are not classified as professional clients or eligible counterparties belong to this category. The protection safeguards, best-practice regulations and the obligation to carry out and process client instructions in the best interest of the client must be strictly observed.
- Professional clients: Clients belonging to this category have sufficient experience, know-how and expertise in order to be able to take their own investment decisions, and are therefore in a position to adequately assess the associated risk. Pursuant to the regulation, the following legal entities are considered to be professional investors by law: credit institutions, investment firms, insurance companies, investment funds, pension funds, national and regional governments (including public bodies managing public debt at national or regional level), Central Banks, international and supranational institutions as well as large companies meeting two out of the following three factors: balance sheet total of at least EUR 20,000,000 net turnover of at least EUR 40,000,000 and own funds of at least EUR 2,000,000.
- Eligible counterparties: The regulatory duties for credit institutions towards an eligible counterparty, such as a credit institution, insurance company or investment firm, are less far-reaching. As is the case with professional clients, a client is either treated as an eligible counterparty per se or on request.

Reclassification

Upon request a higher level of protection has to be provided to a professional client/eligible counterparty (Opting-Down): Upon written request of the client or on the initiative of VTBE, clients may be treated as a professional or retail client in case the client is classified as an eligible counterparty or as a retail client in case the client has been considered a professional client.

Retail clients can be treated as professional clients, if the following criteria are met (Opting-Up):

A retail client can request treatment as a (elective) professional client if two out of the following three criteria are satisfied:

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters.
- The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500,000.
- The client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Clients have to confirm in writing both, the request and the fact that they are aware of the consequences of the regulatory protection they may lose when being treated as professional client.

2. Information about the bank and its services

Name and registered address

Name: VTB Bank (Europe) SE
Address: Rüterstraße 7-9; D-60325 Frankfurt am Main
Telephone: +49 69 2168-0
Fax: +49 69 2168-6319
Email: service@vtb.eu
Internet: www.vtb.eu
VAT ID number: DE 114104505

VTB Bank (Europe) SE is registered at the Frankfurt Commercial Court (Handelsgericht Frankfurt), registered company HRB 12169

Competent supervisory body

VTB Bank (Europe) SE is regulated by the German Supervisory Authority (BaFin):

Name: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
Address: Marie-Curie-Straße 24, D-60439 Frankfurt am Main
Telephone: +49 (0) 228 41080
Email: poststelle@bafin.de

Main business activity

As certified by the BaFin, VTB Bank (Europe) SE owns a banking licence in accordance with the German Banking Act ("KWG").

Investment services and non-core investment services offered by the bank

VTB Bank (Europe) SE ("VTBE") provides investment services and non-core investment services (i.e. ancillary services) in accordance with § 2 (8) and (9) of the German Securities Trading Act ("WpHG"). In this regard, VTBE offers its clients trading services in securities and other financial instruments, especially in the context of purchase, sale and custody of securities. VTBE provides investment advice on a non-independent basis and offers therefore only a restricted product range. VTBE does not receive any inducements from third parties in relation to the provision of the investment services to the client. Therefore, benefits will not impair the bank's ability to act in the best interest of the client.

VTBE will promptly provide the client with the essential information associated with the execution of an order in a durable medium. Furthermore, the entire data of a settlement or an order confirmation is submitted to the client in a durable medium as soon as possible, and no later than the first business day after order execution. If VTBE receives the order confirmation from a third party, the necessary information will be transmitted to the client no later than the first business day following receipt of the confirmation from the third party.

If VTBE holds client financial instruments or client funds, a statement of those financial instruments or funds will be sent to the client in a durable medium at least on a quarterly basis, unless such a statement has been provided in any other periodic statement. Upon client request, VTBE will give such a statement more frequently at adequate commercial cost.

Where VTBE is acting through a tied agent, a statement of this fact specifying the jurisdiction in which the agent is registered, will be provided to the client.

3. Information on deposit and investor protection

Pursuant to EU legislation, every bank receiving deposits that are subject to a deposit guarantee scheme or providing securities-related services that are subject to a guarantee scheme, is under a statutory obligation to belong to a guarantee facility.

VTB Bank (Europe) SE ("VTBE") is member of the *Bundesverband deutscher Banken*. VTBE is also part of the *Entschädigungseinrichtung deutscher Banken* and voluntary member of the *Einlagensicherungsfonds des Bundesverbandes deutscher Banken*.

The scope of the liabilities protected by the Deposit Protection Fund is described in No. 20 of the bank's "General Business Conditions".

Basic overview on the protection of deposits

Deposits at VTBE are protected through:	Entschädigungseinrichtung deutscher Banken GmbH (EdB) ¹
Protection ceilings:	EUR 100,000 per depositor and per bank ²
If you have several deposits at the same bank:	All of your deposits at the same bank are summarized. The overall sum is covered up to the protection ceiling ²
If there is a joint account with one or more depositors	The protection ceiling of EUR 100,000 applies for each individual depositor separately ³
Payout deadline	The EdB must examine depositors' claims for compensation independently and meet these within seven working days of the date on which the German Federal Financial Supervisory Authority (" <i>BaFin</i> ") determines that a payout event has occurred.
Payout currency	Euro
Payout procedure	If a payout event occurs, depositors are notified thereof without delay by the EdB. Before the EdB can compensate depositors, it first has to determine the amount of the repayable deposits in each case within the payout deadline. Depositors are not required to officially apply for compensation. Should the EdB require additional information from depositors to enable it to provide compensation, it will contact the depositors concerned in writing. Once the claim for compensation has been met, the depositor's claims against the bank are assigned to the EdB. The claim for compensation becomes time-barred five years after the depositor has been notified of the occurrence of the payout event.

¹ Your deposit will be protected in accordance with the By-law deposit protection system and a contractual deposit protection system. In case of an insolvency, your deposits will be repaid up to the amount of EUR 100,000 per depositor

² General protection ceilings: Should a deposit not be available because a bank cannot meet its financial obligation, depositors will benefit from and repaid through the deposit protection scheme. The relevant coverage is a maximum of EUR 100,000 per bank. This means when identifying the total amount for repay, all deposits held at the same bank are summed up. For example, if one depositor holds EUR 90,000 in a savings account and EUR 20,000 in a checking account, he will be repaid only EUR 100,000.

³ General protection ceilings for joint accounts: For joint accounts you have a protection ceiling of EUR 100,000 for every depositor. Deposits of an account with two or more persons as members of a partnership or law firm, an union or a similar association without legal persons are to be aggregated in the calculation of the protection ceiling of EUR 100,000 or its equivalent in a foreign currency and the deposit will be treated as single depositor. Further information is available on the website of *Entschädigungseinrichtung deutscher Banken GmbH* (www.edb-banken.de/en/)

For companies	<p>In addition to private individuals, partnerships and corporations are entitled to compensation, though some restrictions apply in their case:</p> <ul style="list-style-type: none"> • The EdB does not protect deposits by banks, institutional investors such as financial service providers, insurance firms and pension and retirement funds, or deposits by public authorities (see § 6 of the German Deposit Guarantee Act ("<i>EinSiG</i>"). • It should also be noted that repayment of liabilities resulting from securities transactions is ruled out if the depositor is an enterprise which is required under the Third Book of the German Commercial Code ("<i>HGB</i>") to compile a management report or is exempted from this requirement only because of its inclusion in a consolidated financial statement, or a comparable enterprise domiciled abroad.
Contact details	<p>Entschädigungseinrichtung deutscher Banken GmbH Burgstraße 28 D-10178 Berlin</p> <p>Postal address: Postfach 11 04 48 10834 Berlin</p>
Further information	<p>http://www.edb-banken.de/</p>

Deposit Protection

Deposits of natural and non-natural persons are covered by a maximum amount of EUR 100,000 per depositor in the event of bankruptcy, disposed business supervision or suspension of payments.

Deposits in an account over which two or more persons may dispose as partners in an ordinary partnership (*offene Gesellschaft*), a limited partnership (*Kommanditgesellschaft*), a general partnership (*Erwerbsgesellschaft*), a civil-law partnership (*Gesellschaft bürgerlichen Rechts*) or a business organisation of a similar nature under the laws of an EU member state or a third country are to be aggregated in the calculation of the maximum amount and treated as if made by a single depositor. The same applies to credit balances and other claims arising from securities transactions.

Investor Compensation

German law requires custodian banks to return securities to investors. Any monetary claims arising under the investor compensation scheme (in particular, funds resulting from the settlement of securities such as dividends, sales proceeds, interest payments and redemptions and compensation payments for financial instruments loss as a result of unlawful acts) are guaranteed up to a maximum amount of EUR 20,000 both for natural persons and non-natural persons. However, in case of creditors that are not natural persons the protection scheme's cover obligation is limited to 90 % of the protected claim to a maximum amount of EUR 20,000.

Moreover, we point to the legal provisions of § 23a of the German Banking Act ("*KWG*") governing the protection of deposits and investor compensation (including exemptions from coverage pursuant to § 23a KWG). On request, we will gladly make these documents available to you.

Information about securities custody

VTBE holds financial instruments in custody on behalf of clients either itself or avails the services of a third-party depository. VTBE takes the utmost care regarding the selection of a third-party depository in accordance with the client's best interest.

In case VTBE places securities with a domestic third-party depository, the latter is aware that the securities are not part of the property of the depository (in accordance with § 4 German Deposit Act ("*DepotG*"), the depository holds securities on behalf of its clients). In case securities are held in

custody abroad, pursuant to § 4 DepotG, the depository is expressly informed in writing that the securities are not part of the property of VTBE. Third-party depositories may only hold a right of pledge or a right of retention in respect of claims that resulted in connection with those securities or those for which the individual securities are liable regarding the agreement concluded between the depository, VTBE, and the third-party depository.

VTBE separates its deposits of securities into client inventory and the Bank's own inventory placed in custody of third-party depositories. The appropriate organisational measures have been taken in order to be able to distinguish between assets at any time.

Under § 3 DepotG, the bank is liable for the negligence of the third-party depository in order to eliminate disadvantage to the client.

In accordance with its General Terms and Conditions, VTBE has a right of security interest, pledge and set-off for the financial instruments.

Record keeping of telephone conversations and electronic communications

Within this information document the client is informed that the telephone conversations and electronic communications between VTBE and the client that result or may result in transactions are recorded. ***With providing this information the client confirms the recording of related conversations.***

Communication

Clients may contact VTBE in person, by telephone, by letter, by fax or via e-mail and transmit orders in person or in writing. If previously agreed, order transmission for financial instruments is possible via telephone or fax. Regarding communication, for the receipt of documents and other information between the client and VTBE the applicable language is English.

Suggestions and complaints

If you have any questions, suggestions or complaints regarding our investment services, please contact your account manager or to our Complaints Management (E-mail: complaints.management@vtb.eu). We are trying to offer you our best possible service at all times and process your concerns in order to be able to ensure a good client relationship.

4. Information about the proper resolution of conflicts of interest

As a credit institution, we owe our existence to the trust of our business partners, employees and the general public. Our employees are required to provide all services with the greatest care, diligence and technical knowledge, and in order to protect the clients' interests. Our high standards of conduct provide the fundament for the trust placed in us by our business partners and clients, and ensure that the legal and supervisory conditions are met at all times.

Under § 63 (2), (3) and (13) of the German Securities Trading Act ("*WpHG*"), a credit institution is required to define and consistently apply guidelines for the resolution of conflicts of interest that are commensurate with the size and organisation of the institution as well as the type, extent and complexity of its business transactions, in order to prevent conflicts of interest from damaging the clients' interests and to enhance client confidence.

In accordance with the above-mentioned provisions, subsequently, we will inform our clients about the procedures put in place by VTB Bank (Europe) SE ("*VTBE*") to resolve potential conflicts of interest arising in connection with investment services and non-core investment services, as well as possible measures to avoid such conflicts of interest.

What are conflicts of interest pursuant to *WpHG* and where can they appear?

A conflict of interest is a situation in which there is a discrepancy between the interests of VTBE or employees thereof and the interests of the client, or a person directly or indirectly linked by the control of the bank. Other potential conflicts of interest in investment services might, for instance, be the collision of a number of clients' interests that run contrary to one another, such as a client order coinciding with similar orders from other clients.

Potential conflicts of interest may arise in connection with all investment services and non-core investment services. Particularly when transmitting the order, different expectations regarding the provision of investment services may lead to aforementioned conflicts of interest. Conflicts of interest cannot always be prevented, especially in a universal bank, to which we count our organisation.

We are fully aware that conflicts of interest of this kind may have the potential to cast doubt as far as reputation and professionalism of VTBE and its employees concerns. Therefore, our institution has put appropriate measures for the purpose of avoiding such conflicts in place.

Measures and provisions to prevent conflicts of interest

Regulations such as the "*Circular letter 05/2018 on the Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organisation and Transparency pursuant to §§ 31 et seq. WpHG for Investment Services Enterprises by BaFin*" ("*MaComp*"), as well as internal work regulations, measures and procedures, have been drawn up to avoid potential conflicts of interest. All these regulations constitute an integral component of the guidelines and procedures of VTBE in order to prevent – as far as possible - conflicts of interest at the Bank.

In order to comply with statutory provisions, VTBE has established a separate organisational unit, i.e. the Compliance Department. One of the core tasks of the Compliance Department lies in identifying conflicts of interest and implementing effective measures to resolve or to ward off conflicts in this connection while protecting the interests of our business partners and clients.

By setting up so-called "Chinese Walls" inside our institution, the necessary conditions to avoid, or at least identify, any conflicts of interest have been created. This measure is designed to separate functional from administrative reporting lines and continually raise awareness among employees by means of training seminars.

The observance of strict procedural guidelines and the supervision of information flows from and about business activities are ascertained by the Internal Audit and Compliance departments for the purpose of helping to identify situations such as:

- the existence of relationships with an issuer of securities or financial instruments
- the existence of links between employees of our institution and an issuer
- where information is available that is not (yet) publicly known

- the acceptance or offering of gifts – especially of a monetary nature – from or to third parties
- acceptance of an advantage – especially if payments are made to our employees with the aim to incite them to offer certain products over others, or to achieve the greatest possible revenue
- the conduct of trades that run counter to the principal interest of our institution

as early as possible.

Conflicts of interest may arise in

- company and financial analysis
- client advisory services
- company financing
- order processing
- transaction monitoring
- different views of the results of trading activities
- financial advantages at the expense of the client.

If, despite our best efforts, we cannot fully eliminate the risk of compromising the interests of our business partners and clients, our Compliance Department will inform you about the type of the potential conflict prior to using our services, in order to enable our clients to take an informed decision. Notifications and follow-up audits of any instance of a conflict of interest are documented by the Compliance Department.

VTBE will assess and periodically review, on at least annual basis, the conflicts of interest policy and will take appropriate measures to address any deficiencies.

5. Execution principles for financial instrument trading

For reasons of transparency, VTB Bank (Europe) SE ("VTBE") has established strict internal Best Execution Guidelines for the best possible execution of client orders to purchase or sell securities or other financial instruments. The elementary content of the Best Execution Guidelines is provided below.

Execution of client orders on Multilateral Trading Facilities (MTF):

VTBE executes, to the extent possible, all client orders on the Multilateral Trading Facility (MTF) Bloomberg as it is the bank's belief that this is in the client's best interest. The client is benefiting from trades on this MTF (Bloomberg) by the best likelihood of execution.

Execution of client orders outside a trading venue:

Where it is not possible to execute client orders on a MTF in the best possible way for the clients, the bank executes the orders outside a trading venue i.e. over the counter (outside a multilateral trading venue (MTF)).

If VTBE executes orders outside of a trading venue, the accompanying consequences regarding trading outside of trading venues have to be considered.

OTC transactions which are characterised by proprietary trading transactions, are decentralised, fragmented and have low pre-trade transparency, because the counterparties generally do not make the prices quoted available to a broad market. Rather, these prices are negotiated on a bilateral basis with the counterparties. The counterparties often have proprietary holdings in these instruments, for which they quote prices.

In the context of counterparty risk arising from executing orders outside of trading venues, upon client request, additional information regarding possible consequences hereof will be provided to the client.

VTBE obtains the client's express consent to execute orders outside of a trading venue before proceeding to execute the client's orders over the counter. The request to provide such consent is given to the client in the following way: The client's consent is obtained either in the form of a general agreement or in respect of individual transactions.

In the absence of express instructions from the client, VTBE will exercise its own discretion, having regard for the terms of the client's order in determining the factors that it needs to take into account for the purpose of providing Best Execution for the client.

Specific instructions from a client:

A client has the possibility to instruct the bank as to how and at what specific execution venue the order should be executed. We expressly inform our clients that such specific instructions from a client may prevent VTBE from taking the steps that it has designed and implemented in its Best Execution Guidelines to obtain the best possible result for the execution of those orders. In case a specific instruction is provided by the client which does not relate to all parts or aspects of an order, the Best Execution Policy only applies in respect of any other parts and aspects of the client order that are not covered by such client instruction.

We are unable to process instructions intended to apply to all future orders rather than one single order.

If no written objection is received from the client within six weeks at the latest upon receipt of this letter, the above outlined execution principles for financial instrument trading are deemed accepted by the client. In this regard, we may point out that VTBE is legally obligated to obtain the client's acceptance in order to conduct financial instrument transactions with the client in the future.

Types of order

Market order: Is defined as an order without price limit. By placing a "market" order, our clients accept any possible price. The required investment / return on investment thereby remains uncertain.

Limit order: Is defined as an order with a price limit. By setting a buy limit, our clients can restrict the purchase price of a stock exchange order and thus limit the initial investment. If the price of the security intended to buy is above the order limit, the security is not purchased. With a sell limit our clients define the lowest selling price acceptable and securities are not sold below the sell limit.

Stop-loss order: A stop-loss order becomes active as soon as the price of the security in the market corresponds to the chosen stop limit. Once activated, the order is a "market" order, i.e. an order without price limit. In the context of the stop-loss order the actual price attained can deviate substantially from the chosen stop limit, especially when trading in a narrow market.

Take-profit order: Is defined as a limit order that closes an open position. A take-profit order is an order to sell or buy under the current market price, whereas the position is automatically closed when the market price exceeds a certain threshold specified by the client.

Client orders placed with VTBE are always valid until the end of the trading day at 5:00 p.m. (CET) on the day of order placement.

The different additional options available for the validity or execution of an order depend on the product, the place of execution and the trading partner. Please contact your account manager for information on other types of order.

Collective order: VTBE solely processes orders collectively if the aggregation of orders is not detrimental to the interests of the client whose orders are being aggregated.

Best possible execution of client orders

We always strive to carry out our clients' orders accurately and without any delays and under the best possible conditions. We record all orders received by our clients as well as the time of placement in order to make the orders re-traceable. All orders are processed as soon as they reach us.

We hereby expressly inform you that commonly our institution offers order placements outside regulated markets (stock exchanges) and multilateral trading facilities (MTF) via selected partners (renowned international brokers and domestic and international banks).

We will immediately inform you if problems inhibiting a proper and correct processing of your order arise.

When determining best possible execution, VTBE considers the following factors with the respective relative importance:

Factors for Best Execution	Relative importance
Price of the financial instrument	Very important
Costs incurred by order execution and processing	Very important
Speed of order execution	Fairly important
Likelihood of execution & settlement of the order	Fairly important
Type and size of transaction	Fairly important

The factor "costs incurred by order execution and processing" covers all expenses charged to the client that are directly linked to the execution of the order, including the fees of the place of execution, clearing and processing fees, in particular costs for changing the place of safekeeping and other fees known at the time the transaction is completed that are paid to third parties involved in the execution of the order.

The "likelihood of execution & settlement of the order" takes into account the liquidity at the place of execution and shows whether executing a particular order is possible after all.

Insofar as exceptional market circumstances or a market disturbance make it necessary to execute the order differently, VTBE will execute the order in the best interest of the client (§ 384 of the German Business Code ("*HGB*")).

When executing clients' orders, VTBE differentiates between the following product categories⁴:

1. Shares and similar ownership instruments
2. Bonds and similar debt instruments
3. Structured products
4. Derivatives

VTBE is trading on the following execution venues:

Financial instruments	Execution venues	Client category
Shares and similar ownership instruments	Specialist brokers/dealers on the exchange	Professional clients, Eligible counterparties
Bonds and similar debt instruments	Bloomberg ALLQ, voice; counterparties: street dealers	Professional clients, Eligible counterparties
Structured products	Bloomberg ALLQ, voice; counterparties: street dealers	Professional clients, Eligible counterparties
Derivatives	Bloomberg FX trading grid, voice; counterparties: street dealers	Professional clients, Eligible counterparties

VTBE selects its execution venues carefully and regularly monitors the quality of execution taking into consideration the following factors with the respective relative importance:

Factors for selecting a trading venue	Relative importance
Pricing	Very important
Number of trading participants	Important
Stability & quality of technical connection & settlement	Important
Stability of business relationship & past experience	Fairly important
Trading times and services	Fairly important
Rating	Fairly important
Clearing system	Fairly important
Circuit breakers	Fairly important

When selecting a place of execution VTBE assumes that the client's primary objective is to attain the best price, taking the costs associated with order execution into account.

In order to ensure the best possible execution for its clients on an on-going basis VTBE monitors not only the execution quality obtained but also the quality and appropriateness of its execution arrangements and policies on an ex-ante and ex-post basis to identify circumstances under which changes may be appropriate. In case any deficiencies are detected VTBE takes all appropriate remedial actions necessary.

As securities are usually subject to price fluctuations, it cannot be ruled out that price changes occurring after order placement are detrimental to the client's interests. In this regard, VTBE will give precedence to places of execution where a complete order execution is probable and likely to be

⁴ VTBE does not offer any MiFID II-relevant money market instruments.

carried out within a very short period of time. Furthermore, our institution takes other complementary criteria into account, such as security and probability of processing and execution.

VTBE forwards clients' orders for execution immediately after receipt, in chronological order. Client orders received outside the stock exchange trading hours or on public holidays are sent to order execution as soon as stock market trade starts again.

Orders for subscription of issues are preferably forwarded to the issuer, the syndicate leader or a member of the underwriting syndicate named by the issuer.

Sales are carried out in consideration of the total charges at the places of execution where sales are possible without changing the safekeeping location, even though a change of safekeeping location cannot be ruled out completely.

The Best Execution Guidelines meet the legal requirements for the purpose of ensuring the best possible level of protection for retail clients. As VTBE also applies the present execution principles to professional clients, no separate regulations are available.