

General Information on the Provision of Investment Services and Activities by Raiffeisen Bank (Liechtenstein) AG

» INTRODUCTION

On 21 April 2004, the European Union adopted the Markets in Financial Instruments Directive (MiFID) as a European framework directive. It is a component of the overall package of measures taken by the EU to strengthen the European financial market.

The goal of MiFID is to ensure a uniform legal framework for the provision of investment services and investment activities by financial service providers and thereby to strengthen competition among providers and improve investor protection.

As a member state of the European Economic Area (EEA), Liechtenstein is required to implement this EU directive in national law. Said implementation is accomplished by duly amending the Liechtenstein Banking Act and the associated Banking Ordinance

» GOAL, PURPOSE, AND CONTENT OF THIS BROCHURE

The Banking Act and the associated Banking Ordinance of the Principality of Liechtenstein provide that, from 1 November 2007 onwards, banks offering investment services and/or ancillary services must furnish their clients with detailed information on the services and products they offer. The purpose of this brochure is to provide you with an overview of Raiffeisen Bank (Liechtenstein) AG and its investment services. The core of the brochure is the third part concerning client classification and the fourth part on the investment services and financial instruments offered by Raiffeisen Bank (Liechtenstein) AG.

The brochure does not claim to be an exhaustive treatment of all aspects of our investment business. Where necessary, the brochure refers to additional materials that Raiffeisen Bank (Liechtenstein) AG has either already given you or which may be obtained for free from Raiffeisen Bank (Liechtenstein) AG.

The brochure uses numerous technical terms and expressions, in so doing applying the terminology applied by Liechtenstein's legislators. Please study this information carefully and contact us if you have any queries on it. We reserve the right to inform you only of significant changes to the content of this brochure.

1. GENERAL INFORMATION

1.1 Information on Raiffeisen Bank (Liechtenstein) AG

Raiffeisen Bank (Liechtenstein) AG is domiciled at Austrasse 51, 9490 Vaduz, the Principality of Liechtenstein. It is registered as a bank in the legal form of a company limited by shares in the Public Register of the Principality of Liechtenstein. It holds a license to pursue banking activities issued by the Liechtenstein Financial Market Authority (FMA), Heiligkreuz 8, P.O. Box 684, LI-9490 Vaduz, and is subject to FMA oversight.

Raiffeisen Bank (Liechtenstein) AG is a member of the Liechtenstein Bankers Association and also, for purposes of protecting client assets, of the Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association. The extent of the liabilities protected by the Deposit Guarantee and Investor Protection Foundation is set out in a fact sheet published by the Liechtenstein Bankers Association, which may be obtained from Raiffeisen Bank (Liechtenstein) AG or directly from the Liechtenstein Bankers Association.

Further information on the organization and structure of Raiffeisen Bank (Liechtenstein) AG can be found in the annual report, which we will be happy to provide you with on request.

1.2 Language and Means of Communication

The authoritative language for the contractual relationship between Raiffeisen Bank (Liechtenstein) AG and our clients is German. However, you may always communicate with us in English or, by prior arrangement, in another language. As a rule, contractual materials and documents are provided in German, unless otherwise agreed between Raiffeisen Bank (Liechtenstein) AG and the client.

Normally we will communicate with you in writing. Instructions and notifications given by telephone, fax, e-banking, or e-mail are only accepted on the basis of a separate written agreement. If such an agreement exists and if you use one of these channels to communicate with us, we reserve the right to contact you in the same way.

2. TERMS AND CONDITIONS OF CONTRACT AND BUSINESS

The rights and obligations to which Raiffeisen Bank (Liechtenstein) AG and you are subject in connection with the performance of investment services and/or ancillary services are governed by the terms and conditions of contract and business. In particular, the General Terms and Conditions of Business (GTCs) and safe deposit regulations of Raiffeisen Bank (Liechtenstein) AG apply in this regard. The present brochure provides supplementary information.

3. CLIENT CLASSIFICATION

3.1 Classification by Raiffeisen Bank (Liechtenstein) AG

With effect from 1 November 2007, the Liechtenstein Banking Act governing the performance of investment services and ancillary services provides for the client categories 'non-professional client', 'professional client' and 'eligible counterparty'. Banks are required to assign their clients according to precise criteria to one of these three categories. If we have not already done so, we will inform you of your client classification in due course. The classification serves to ensure treatment of our clients according to their knowledge and experience of transactions involving financial instruments, as well as the type, frequency, and extent of such transactions.

3.1.1 non-Professional Client

We regard you as a non-professional client if you can be classified neither as a professional client nor as an eligible counterparty. This classification entitles you to the highest available level of protection provided by law.

3.1.2 professional Client

In order to classify you or your company as a professional client, the criteria set out in section 2 of Annex 1 to the Banking Act must be met. A lower level of protection applies to a professional client than to a non-professional client. In contrast to non-professional clients, we assume in the case of professional clients that the parties concerned have sufficient experience, knowledge, and expertise to make investment decisions and to adequately assess the associated risks.

3.1.3 eligible Counterparty

The Liechtenstein Banking Act provides that only supervised juristic persons, large companies, governments, central banks, and international or supranational organizations may be considered eligible counterparties. They are entitled to the lowest level of protection. For this category of clients too we assume that the parties concerned have sufficient experience, knowledge, and expertise to make investment decisions and to adequately assess the associated risks. Furthermore, we do not provide investment advice or asset management services to such clients. However, if a client classified as an eligible counterparty wishes to make use of such services, we will treat that client in the same way as a professional client.

3.2 Reclassification

At any time you have the option of arranging a different classification with us in writing. Please note that a change of classification entails a change to the level of protection you receive by law. Accordingly, please also note that we can only agree to reclassification if the precise conditions laid down in the Liechtenstein Banking Ordinance are met. For instance, only clients who meet at least two of the following criteria may be reclassified as professional clients rather than non-professional ones:

- » in the four preceding quarters, the client carried out an average of 10 transactions of significant volume each quarter;
- » [the client holds] liquid assets and financial instruments worth more than 500,000 euros;
- » [the client has] at least one year's experience working in the financial sector in a position requiring knowledge of planned transactions or services.

To be reclassified as a professional client rather than a non-professional client, you must submit a written application to Raiffeisen Bank (Liechtenstein) AG. We will be happy to assist you in this regard, and your account representative will be ready to advise you on the precise procedures involved and consequences of reclassification.

Please note that we will in general only undertake reclassification with respect to all investment services, ancillary services, and financial instruments. If we should learn that you no longer meet the conditions for the client category to which you have been assigned, we are required unsolicitedly to reclassify you accordingly. Should this prove necessary you would be informed immediately.

4. | INFORMATION ON THE INVESTMENT SERVICES AND FINANCIAL INSTRUMENTS WE OFFER

4.1 Financial instruments

Trading in financial instruments entails financial risk which varies depending on the financial instrument involved. In principle a distinction must be made between non-complex and complex financial instruments. The types of financial instrument in existence and the risks associated with them are discussed in greater detail in the brochure "Risks in Securities Trading".

4.2 Investment Services and Ancillary Investment Services

Wherever possible we perform all kinds of investment service and ancillary services on your behalf, and in particular in connection with the buying, selling and custody of financial instruments. Raiffeisen Bank (Liechtenstein) AG undertakes buying and selling transactions either on an execution only or no-advice basis or in connection with the provision of investment advice or asset management services.

4.2.1 Execution Only

We undertake buying and selling transactions executed at your request and involving non-complex financial instruments on an execution only basis. In such cases, irrespective of your client classification, we do not determine whether the financial instrument in question is appropriate to your experience and knowledge, so the purchase or sale of the financial instrument is at your own risk.

4.2.2 Investment Advice and Asset Management

On your request, we provide investment advice or asset management services. We define investment advice as furnishing the client with a personal recommendation relating to one or more financial instruments, while the decision to buy or sell remains with the client. We define asset management as the management of a client's individual financial instruments or portfolios on a client-by-client basis in accordance with the investment strategy agreed between the client and Raiffeisen Bank (Liechtenstein) AG. In the case of asset management, the client delegates individual investment decisions to Raiffeisen Bank (Liechtenstein) AG. We only accept an asset management instruction on the basis of a separate written asset management agreement. In the case of both investment advice and asset management, we must by law obtain a range of information in advance, if such information is not already available to us. Where relevant, this includes details of:

1. Your investment business knowledge and experience, including information on the kinds of services, transactions, and financial instruments with which you are familiar and the kind, extent and frequency of the financial instruments transactions you undertake, as well as your level of education, profession and previous professional experience;
2. Your investment goals, including information on your planned investment purpose, investment time horizon, willingness to accept risk and risk profile;
3. your financial situation, including information on the source and amount of your regular income and liabilities, as well as on your total assets including liquid assets and real estate.

Without this information we will be unable either to recommend suitable transactions or to undertake such transactions as part of an asset management service. Suitable services and financial instruments are ones which:

- » are in keeping with your investment goals;
- » entail a level of investment risk which you can bear financially;
- » entail risks which you are able to understand given your prior knowledge and experience (suitability test).

If you have been classified as a professional client we assume that you have the requisite knowledge and experience and that you can financially bear any risks associated with the transaction.

In order to determine the experience and knowledge of juristic persons we evaluate the experience and knowledge of the natural persons acting on behalf of the juristic person in its dealings with Raiffeisen Bank (Liechtenstein) AG. To this end we consult with said natural persons to draw up a unified profile of the experience and knowledge available to the juristic person as a whole.

If a power of attorney exists, we base our assessment on the experience and knowledge of the relevant person representing the client in dealings with Raiffeisen Bank (Liechtenstein) AG. For your protection, in case of doubt our assessment relates to the individual with the least knowledge or experience of the risks associated with the transaction in question.

Our assessment relies on the information you provide, which we assume is accurate. Should you fail to provide us with the information we request or if the information is incomplete, we are prohibited by law from making recommendations. Accordingly it is in your own interests to provide us with the required information.

4.2.3 no-Advice Transaction

Buying or selling transactions that are executed neither in connection with investment advice or an asset management service nor as execution-only transactions are undertaken as no-advice transactions. In this case too we are required by law to obtain the above-mentioned information on your knowledge and experience in the investment field in order to assess whether, on the basis of that experience and knowledge, you are able to understand the risks associated with the service or financial instrument (appropriateness test). However, in this case we do not check your ability to financially bear the investment risks associated with the service or financial instrument, nor is any investment goal specified.

If you have been classified as a professional client or as an eligible counterparty, we assume that you have the requisite knowledge and experience to understand the associated risks. In the case of juristic persons or if a power of attorney exists, the observations set out in subsection 4.2.2 apply here to.

If, after conducting the appropriateness test, we conclude that the service or financial instrument is not appropriate for you, or if we do not possess sufficient information to assess appropriateness, we will notify you accordingly. If we are unable to contact you for notification purposes, either because you have asked us not to contact you or because we cannot reach you at short notice, we reserve the right, for your own protection, to refrain from executing the instruction.

5. | PRINCIPLES GOVERNING THE EXECUTION OF INSTRUCTIONS

We perform all investment services and ancillary services in an honest, fair, and professional manner and in the best interest of our clients. We take all measures that we deem necessary to achieve best execution of client instructions. In so doing we take due account of the various different kinds of client involved. We have summarized the principles according to which we execute client instructions in our Principles Governing the Execution of Instructions Concerning Financial Instruments.

6. | COSTS AND ASSOCIATED CHARGES IN CONNECTION WITH INVESTMENT SERVICES AND ANCILLARY SERVICES

Our costs and associated charges in connection with the investment services and ancillary services provided by Raiffeisen Bank (Liechtenstein) AG are set out in our general schedule of fees.

7. | PRINCIPLES FOR DEALING WITH CONFLICTS OF INTEREST

We have taken a range of measures to avoid in advance potential conflicts between your interests and those of Raiffeisen Bank (Liechtenstein) AG, our employees or our other clients. We have summarized these measures for you in the Information on Dealing with Potential Conflicts of Interest.

8. | CLIENT STATEMENTS/REPORTING

As soon as we execute a securities transaction on your behalf we will send you a corresponding transaction statement. Before executing the instruction we will only notify you of the status of execution on your express wish or if any difficulties arise with respect to execution of the instruction in question. At regular intervals, generally at the end of each year, we will send you a safe custody statement listing the financial instruments held on your behalf unless such a list has already been provided in another periodic statement. On special request we will furnish you with additional statements. These provisions are without prejudice to any other special arrangement which may have been made.

