

MiFID II – Investor information package**Scope and Contents**

EU Directive 2014/65 regulating Markets in Financial Instruments (“MiFID II”) took effect as from January 2018. It expands on the MiFID I regulations which have applied since 2007. Its overall objectives are to strengthen the rules in place in the following areas:

- Promoting and securing an efficient functioning and transparency of the financial markets;
- Providing an adequate level of protection to investors;
- Anchoring the overarching duties for financial firms to act in good faith and in the best interest of their customers.

This document aims at providing you, as a client of DNB Luxembourg SA (“the Bank”), with:

- An overview of the MiFID II requirements. Note that in some instances we consciously chose to provide only a “light” description of the actual regulatory provisions, in order to keep the document reasonably concise and easy to understand.
- An outline of the manner in which the Bank will in practice respond to such requirements.

Structure of document is as follows:

1. Investment services offered by the Bank
2. Investment products and investment risks
3. Client categorisation
4. Investor profiles
5. Suitability and appropriateness
6. Execution rules
7. Conflicts of interest, including inducements
8. Costs and charges
9. Reporting
10. Complaints handling
11. Reference documents

1. Investment services offered by the Bank

The Bank offers the following types of investment services:

- Execution-only;
- Investment Advice;
- Discretionary Portfolio Management.

Execution-only consists in the mere execution of transactions requested by you and at your sole initiative.

Investment advice consists in the provision by the Bank of personal recommendations, either upon your request or at the initiative of the Bank, in respect of one or more transactions in financial instruments.

Each advice provided by the Bank must be accepted by you before an actual transaction takes place.

The provision of investment advice is subject neither to any specific agreement being established between you and the Bank, nor to any specific billing by the Bank.

The depth and frequency of proactive advice you may expect from the Bank will depend on the segment you have been assigned to, and which is largely –though not only- linked to the size of your portfolio. Under this setup, the Bank is bound neither to periodically monitor the development of your portfolio nor to contact you at predefined intervals.



Discretionary portfolio management (“DPM”) consists in the management of your portfolio at the discretion of the Bank, within the investment guidelines and restrictions of a specific mandate agreed with you.

In this case, the Bank will thus be entitled to initiate investment transactions on your behalf without seeking your prior acceptance.

In relation to investment advice and DPM, the Bank acts under the status of *non-independent* financial advisor, mostly due to the fact that the universe of investment products covered by the Bank is limited, and may include some – though not only- DNB Group products.

Such non-independent status shall in no way prevent the Bank to always comply with its overarching duty to act in your best interest, including through performing the various tasks and controls outlined in the next sections of this document.

Also, our advisory and DPM products follow the long-term responsible investment principles enforced by the Bank and the DNB Group as part of its ‘Standard of Responsible Investments’. These products do not however have as specific objective sustainable investments in the sense of Regulation (EU) 2019/2088. DNB Luxembourg’s Approach to Sustainability may be consulted on our website at the following page:

https://www.dnb.no/portalfront/download/luxembourg/private-banking/DNB_Luxembourg_ESG.pdf

This Approach is translated into an investment exclusion list, which is available upon request by e-mail at:

luxembourgprivatebanking@dnb.no

In relation to execution services, the Bank maintains an open architecture, meaning it basically provides you with access to “all” types of securities, especially bonds, shares, and investment funds.

In relation to all three levels of services, the Bank also acts as custodian, meaning it takes care for the settlement of transactions and safekeeping of your assets.

You might wish to split your assets with the Bank under various service levels, i.e having one part handled as Execution-only, another one as Investment Advice, and another as DPM. This is perfectly possible, subject to sufficient level of assets; also the Bank may then demand the opening of various sub-portfolios in order to ensure full clarity and consistency.

2. Investment products and investment risks

You will normally expect to achieve an as high as possible return on your portfolio.
But you should also consider that virtually any type of financial instrument implies some degree of risk of loss in value.
And you will remain liable to bear such losses –as you would take the benefit of any gains-, also in the case of transactions initiated upon advice from the Bank, or under a discretionary management agreement.
Before making any investment decision, it is therefore extremely important that you understand the various risk factors associated with financial instruments.

Prior to giving any investment instruction to the Bank, we therefore ask you to read the “Information on risks associated with financial investments” document available on our website, which provides you with:

- some general risk/returns principles for building/managing an investment portfolio;
- a brief description of the various types of investment risks;
- a brief description of the main products offered by the Bank, and the related risks;
- as a conclusion, a summarised risk-scale for the various products.

For the sake of good order, please note that the pure “cash” instruments (i.e. current account, time deposits, loans) outlined in that document are not in the scope of the MiFID II regulatory framework.

Due to the rapid evolution of the financial markets and the specific features that may be attached to any instrument, that document should in no case be taken as a comprehensive study of all possible risks linked to all possible instruments. You



should thus always consider on a case-by-case basis the specific risk features of any contemplated investment. Your account manager will be most pleased to:

- assist you in building an investment portfolio that fully matches your long-term needs and expectations;
- provide you with more details on the risks and expected returns of any individual instrument.

3. Client categorisation

MiFID regulations provides for three main categories of clients, to which are associated specific levels of investor protection, requirements and restrictions. These categories are as follows:

- *Eligible Counterparties* are basically limited to (certain) types of financial companies and institutional investors;
- *Professional Clients* are Customers able to demonstrate that they have the experience, knowledge and expertise to independently make their own investment decisions and assess the risks they incur;
- *Retail Clients* are those who fall neither in the Eligible Counterparty nor in the Professional Client categories.

Retail clients benefit from the highest level of protection, notably regarding the duties of the Bank to:

- provide them with information and periodic reporting;
- assess the suitability/appropriateness of all investment transactions, where required by law. Please refer to further details in section 5.

As a general principle, all our customers are classified as “Retail Clients”, unless they due to their corporate status qualify by definition for another category.

You are informed of your customer classification through the account opening confirmation letter and you have the right to request in writing a different one. Note however that moving from one category to another is subject to a dedicated procedure and assessment by the Bank.

4. Investor profiling

As outlined in section 2, virtually all financial investments involve risks. Thus, an essential step prior to building an investment portfolio is to establish your personal risk/return trade-off.

This will namely depend on:

- Your personal financial situation, including your ability and willingness to bear losses, albeit for a temporary period;
- Your level of knowledge and experience in the investment field;
- Your investment objectives, including your risk tolerance and your personal appetite or aversion to risk taking. Basically, what interests you more: regular income, or capital growth?
- The expected time horizon of your investments.

The “investor profile” questionnaire you are asked to fill in when opening your account should help both you and us in determining your risk/return expectations.

Out of the answers you provided, the Bank derives one of the following overall investor profiles for you:

- *Conservative* means you expect mostly security and capital protection. You are mostly willing to invest in low-risk financial instruments, and wish to avoid large volatility in the returns from your portfolio. This does not prevent that you may once in a while consider investing in “prudent” shares and/or similar instruments, potentially through funds. Despite your low appetite for risk, you acknowledge however that your portfolio may suffer losses during certain periods;
- *Neutral* means you expect to have a medium/long term investment horizon. You are aiming for a balance between low-risk instruments with a minimum level of safety and other instruments such as shares and/or high-yield bonds, increasing the potential overall long-term return on your portfolio. You are familiar with investment risks and acknowledge that your portfolio may suffer losses during certain periods;

- *Aggressive* means you expect long-term growth and high returns on assets. Shares typically constitute the majority or all of your investments; bonds in the portfolio would also normally be performance-oriented. You are well aware of the opportunities and the risks linked to such investment strategy and acknowledge that your portfolio may suffer losses, even substantial ones, during certain periods.

Your Account Manager will advise and discuss with you the investor profile the Bank has assigned to you – which is communicated through the account opening confirmation letter.

As your personal information and expectations may of course change over time, it is key that you inform your account manager accordingly and in a timely manner. Your account manager will be pleased to help you adjusting your investor profile and portfolio whenever required.

The investor profile is the key element used by the Bank to provide you with suitable investment services. Should you thus choose not to fill the related questionnaire, the Bank will not be able to determine your investor profile, and will not be in a position to provide you with any advisory or portfolio management services.

Only execution services in “non-complex” (please refer to section 5) products would remain available to you as a retail investor.

5. Suitability and appropriateness

Note: This section describes rules and processes applying to Retail Clients (cfr section 3). Somewhat different rules may apply to Professional Clients and Eligible Counterparts – please contact the Bank for further details.

It is important that you continuously keep your investor profile up to date and provide the Bank with accurate and complete information. Otherwise the Bank may be prevented from acting in your best interest and to provide you with investment services that are suitable and appropriate for you.

Suitability under Investment Advice

As *investment advisor*, the Bank needs to ascertain that each considered investment transaction(s) is suitable to you.

As mentioned in section 4. here above, your investor profile is the basis of the methodology used by the Bank in performing such assessment.

Indeed, the Bank defines and periodically reviews for each investor profile:

- A target overall portfolio allocation between the different main asset classes (cash/bonds/equities), regions and sectors;
- An advisory list of recommended individual financial instruments;
- As relevant, a list of (sub-) asset types which due to their risk characteristics may by default (not) be suitable to certain profiles.

The Bank’s investment policy is defined in close cooperation with other relevant units of the DNB Group, notably DNB Asset Management and DNB Markets.

Thus, when providing you with investment advice, your Account Manager will make sure recommendation fits with:

- the Bank’s Investment policy for your investor profile;
- any specific circumstances related to your individual case.

As an evidence to this, your Account Manager provides you with a suitability report outlining why the suggested investment recommendation meets your investment profile and hence is suitable to you.

Such report should in principle be provided to you before the actual transaction is entered into; you may however accept to receive it later, for example in case of recommendation and deal agreed over the phone.

As mentioned earlier, please note that under this setup the Bank is bound neither to periodically monitor the suitability of your portfolio as a whole, nor to proactively contact you at predefined intervals.



Suitability under Discretionary Portfolio Management

When acting under a *DPM* mandate, the Bank also needs to ascertain that the considered transaction(s) are suitable to your investor profile – as well as in line with any specific investment restrictions agreed under the DPM agreement.

Process is very much same as outlined above for investment advice.

However here the Bank will not provide you with an individual suitability report for each transaction made, but rather with a periodical (minimum quarterly) confirmation that the portfolio as a whole –hence not the individual holdings- is still suitable and in line with the investor profile and investment mandate.

Appropriateness under Execution-only

When acting under *Execution-only* service and only in so far the product you request to buy is a complex product, the Bank will need to ascertain that the requested investment is appropriate for you, i.e. that you have the sufficient financial knowledge/experience in order to understand the risks involved.

Complex products generally refer to products that have features which may make it difficult to understand the risks involved, such as all derivatives, structured/leveraged products, convertible/subordinated bonds, alternative and hedge funds, and other products embedding derivatives.

No appropriateness or suitability testing is thus required or completed by the Bank for execution only services that concerns non-complex products, such as listed shares, non-structured UCITS shares as well as money-market instruments without embedded derivatives.

If you have not provided the Bank with sufficient or updated information on your knowledge and experience, and you request to buy a complex product, you will be asked to first complete the Bank's knowledge and experience questionnaire.

If you have provided the Bank with sufficient information on your knowledge and experience, but the Bank assesses that the product you want to buy is "not appropriate" for you, we will inform you. If you nevertheless wish to proceed with your requested trade, you will be asked to first sign a risk warning and thereafter re-confirm your requested trade in writing.

Whose knowledge and experience will the Bank assess?

The assessment will be carried out in relation to the relevant person providing the Bank with investments instructions as follows:

- a) When you as customer are a natural person and single account holder, in relation to you, except in cases when c applies;
- b) If your Account has several Account holders, in relation to the Account holder who the Bank accepts instructions from;
- c) In case you are represented by a proxy holder or third party asset manager, in relation to that proxy holder or entity;
- d) In case you are a legal entity customer, in relation to the representative(s) from whom the Bank accepts instructions.

6. Execution rules

The Bank has established a Best Execution Policy describing the steps we take to obtain the best possible result for our customers taking into account the best execution factors (price, transaction costs, likelihood of execution and settlement, type of order (nature and size), speed and other customer relevant factors). It also describes our selection and review process of our counterparties-and brokers. The Best Execution policy is available on our website and we encourage that you read it carefully before you invest. The Bank will also annually publish on its website the top five Counterparties used for placing or transmitting customer orders for execution a yearly report on its top 5 brokers and execution quality.

7. Conflicts of Interests, including inducements

The Bank may over the course of its activity face instances of potential conflict between its own interests and/ or the interests of its employees and/or any relevant person directly or indirectly linked by control to the Bank on the one hand, and the interests of its Customers on the other hand. The Bank has consequently implemented a number of organizational measures to identify, assess, manage, mitigate or avoid conflicts of interest as further detailed in the Bank's GTC, Conflict of Interest Policy and Inducement Policy, available on its website.

8. Costs and charges

MiFID2 regulations require the Bank to provide to its customers an *ex-ante* and an *ex-post* exhaustive aggregated overview of all the costs linked to the investment services and products provided.

Costs and charges generally include:

- One-off charges
One-off charges include any taxes/fees payable at the start or end of an investment or trade. The Bank has no direct one-off charges related to the financial services or instruments it currently offers.
- Ongoing charges
Ongoing charges include costs related to the custody services, the management fees charged by the Bank in case of a discretionary portfolio management agreement and the ongoing fees charged by the manufacturers or managers of investment products, where relevant.
- Transaction costs
Transaction costs include brokerage fees as well as margins to the bank for transactions in financial instruments. The total transaction costs will be the sum of all the amounts included in trade confirmations throughout the calendar year.
- Charges related to ancillary services
Charges related to ancillary services include costs for securities financing or securities lending. The Bank does not offer securities financing or securities lending services.
- Incidental costs
Some investment funds including ETFs may have costs dependent on the performance of the fund. These costs occur when the value of the underlying fund exceeds certain levels. The fund company deducts this cost from the fund's value.

The above-mentioned costs and charges may be:

- Costs linked to the investment services that are directly charged by the Bank. These costs were advised to you upon account opening notably through the Price list. They depend on the activity and size of the portfolio, and are therefore directly affected by the number of transactions occurring during the period.
- Costs linked to investment products that are charged by the product manufacturer for the manufacturing and/or the management of the financial instruments. Such costs typically – but not exclusively – apply to investment funds. A precise overview of the costs of applicable to a specific product will be provided to you through the related 'PRIIPS KID' or similar document, depending on regulatory requirement applicable to the type of product in scope.

Ex-ante costs overview

The layout of the below table is according to requirements of MiFID II regulations and the figures presented are estimates.

Table assumes holdings of EUR 10.000 in the main categories of financial instruments, for a total portfolio and transactional turnover of EUR 100.000.

Transaction-related costs (items 1 and 3 in table) mostly dependent on the volume and frequency of trading on the account, whereas ongoing charges (items 2, 4, 5) are mostly linked to the size of your portfolio.

Stated amounts are according to the Bank's standard price list and represent as a rule maximum / "up to" amounts. You may be eligible for a more favorable tariff as agreed with your Account Manager.



Please also refer to the notes below table for further practical guidance and examples on which types of costs are covered under which caption.

ID	Cost type	Instrument type (For holdings of value EUR 10.000)				Service level (For portfolio/transactions of value EUR 100.000)			
		Bonds	Shares	Funds	Forward fx	Execution only	Advisory	DPM	
		amount	amount	amount	amount	amount	amount	amount	amount
1	One-off charges	0.00%	0.00%	0.00%	0.00%	0	0	0	0
2	Ongoing charges	0.00%	0.00%	100	0.00%	1,000	1,000	1,000	1,000
3	Transaction costs	0.00%	0.00%	100	0.00%	500	500		
4	Ancillary services	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
5	Incidental costs	0.00%	0.00%	5	0.00%	0.00%	0.00%	50	0.05%
	Total	0	0	205	0	1,500	1,500	1,050	1.05%

Notes

Cost Type ID	For Service level	For instrument type	Comment, contents, example
1		All	The Bank has no direct one-off charges related to the financial services or instruments it currently offers.
2		Funds	EUR 100 corresponds to a holding of EUR 10.000 in an investment fund with management fee and other administrative and operating costs equal to 1%. These costs may vary substantially according to promoter and type of fund. It is calculated in arrears by the fund company. Main components are disclosed in the Fund's prospectus and/or Key Investor Document (KIID/KID). These costs are not an income for the Bank.
2	Execution, Advisory		EUR 1,000 corresponds to custody fee at standard rate 1% on a securities portfolio of value EUR 100,000
2	DPM		EUR 1,000 corresponds to the discretionary portfolio management fee at standard rate of 1.00% on a portfolio of value EUR 100,000. This is inclusive of custody fee. Rate of such fee, if any, to be defined in the specific DPM agreement signed between Bank and client.
3	Execution, Advisory		EUR 500 correspond to total standard transaction fees, inclusive of third-party brokerage and external charges including taxes if any, on Bonds for value EUR 100.000. Note that standard brokerage rates vary according to instrument type in accordance with the Bank's standard price list.
3	DPM		The Bank does not charge transaction fees on DPM as these are included as part of the discretionary portfolio management fee.
3		Funds	EUR 100 reflects transaction costs borne by the Fund on the purchase/sale of underlying investments. Rate of such costs, if any, should be defined in the relevant fund's prospectus or KIID. These costs are not an income for the Bank.
5		Funds	EUR 5 illustrates potential fee charged by the fund manager for fund performing above predefined benchmark. Rate of such performance fee, if any, should be defined in the relevant fund's prospectus or KIID.
5	DPM		EUR 50 illustrates potential additional Bank fee for portfolio performing better than predefined benchmark. Applicability and rate of such fee, if any, to be defined in the specific DPM agreement signed between Bank and client.

Ex-post costs overview

The *ex-post* costs report will basically have same layout as the *ex-ante* view.

It will be provided at the beginning of each year, and will be an aggregate of the actual costs you incurred in the previous year in relation to investment products and services purchased from the Bank. It will also display the cumulative effect of costs on return, taking into account the actual costs and performance of the investment products.

More itemized details will be provided upon request.

10. Reporting

The Bank will provide you with the following main types of reports:

On a transaction-by-transaction basis

- Transaction confirmations;
- Suitability reports on advisory deals (cfr section 5)
- Warning for an investment which is not appropriate (see Section 5)

On a monthly/quarterly basis

- Account statements;
- Portfolio valuation and performance report;
- DPM reports, including DPM suitability report (cfr section 5)



On a yearly basis

- Costs and charges report (cfr section 8);
- Income and expense report, to be as relevant used to prepare tax return in your country of residence

On an ad-hoc basis

- Reporting on "significant losses", defined as:
 - o Loss of 10% or multiples of 10% on positions in leveraged instruments held by retail clients;
 - o Loss of 10% or multiples of 10% on the overall value of the portfolio from the beginning of the reporting period (monthly or quarterly)

All reporting is as a rule provided in electronic format, through your e-banking access.

You may also follow on-line the development of your portfolio and transactions through that e-banking access.

The Bank's official communication language is English. You may opt to receive certain types of documents in alternative language, i.e. Norwegian. But please note that not all documents may be available in that language, and the only binding version will remain the English one.

11. Complaints handling

Please refer to the Complaints Handling policy available on the Bank's website

12. Reference documents

For additional details, please refer to the following documentation, provided to you during the accounting opening process and/or available on the Bank's website:

- General Terms and Conditions
- Price list
- Best Execution policy
- Conflicts of Interests policy
- Inducements policy
- Complaints Handling policy
- Depositors Guarantee (FGDL) information

Your Account Manager will be pleased to answer any queries you may have.