

Raiffeisen Bank Zrt.
CONFLICT OF INTEREST POLICY
for investment services activity

Effective as of: 14/08/2023

1. Purpose of the conflict of interest policy

In accordance with Article 110 of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing Their Activities (the "Investment Services Act")—the law transposing Directive 2014/65/EU on markets in financial instruments (MiFID II) into the Hungarian system of institutions—and Articles 33-43 of Commission Delegated Regulation (EU) 2017/565, Raiffeisen Bank (the "Bank") is obligated to have a conflict of interest policy in place. The Bank meets this obligation by preparing this Conflict of Interest Policy.

The primary purposes of this Conflict of Interest Policy are to:

- identify and detect situations that may give rise to conflicts of interest that are detrimental for the client in the provision of a particular investment service or ancillary service; and
- develop rules of procedure and measures that make is possible for the Bank to prevent situations that may give rise to conflicts of interest detrimental for the client, reduce the risks arising from conflicts of interest, and fully identify and manage situations leading to conflicts of interest when such situations may eventually occur;
- ensure adequate customer protection.

In order to achieve the above objectives, the Conflict of Interest Policy ensures that potential conflicts of interest are identified and managed appropriately by the Bank, while preserving the integrity of the business relationship with retail and professional clients and third party partners. The Bank shall ensure that all its employees and other persons representing the Bank, if any, comply with the requirements set out in the Bank's internal guidelines and regulations, meet the obligations governing for them, and that they do not even indirectly engage in any conduct contrary to these rules.

2. Scope of the conflict of interest policy

This Conflict of Interest Policy covers the investment services and ancillary investment services provided by the Bank to the customer, which are the following:

Investment services activities:

- receiving and transmitting client orders;
- execution of orders on behalf of clients;
- investment advice;
- portfolio management;
- dealing on own account;
- placement of financial instruments¹, including a commitment for the purchase of assets (securities or other financial instruments) (underwriting guarantee);
- placement of financial instruments without any commitment for the purchase of the assets (financial instruments);

¹ the placement of financial instruments on the market in accordance with the Capital Market Act, and offering them for public sale

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- operation of multilateral trading facility (MTF);
 - operation of organised trading facility (OTF).

Ancillary investment services activities:

- safekeeping and administration of financial instruments, and maintenance of the relevant client accounts;
- safe custody services relating to securities, and maintenance of the relevant securities accounts, including in the case of physical securities their administration and maintenance of the relevant client accounts;
- granting credits and loans to investors;
- advice on capital structure, business strategy and related matters, and the provision of advice and services relating to mergers and acquisitions;
- trading in foreign currency and exchange, where this is connected to the provision of investment services;
- investment and financial analysis;
- services related to underwriting guarantees;
- investment services activity and ancillary services related to the underlying instruments of the derivatives.

3. Identifying conflict of interest situations

A conflict of interest detrimental to the client may develop if Raiffeisen Bank Zrt. or another client obtains a financial advantage to the detriment of the client when the client uses the investment or ancillary investment service in question.

Conflicts of interest may arise:

- between the Bank and its customers,
- between clients or groups of clients, or
- between the Bank's employees and executive officers and the Bank or its customers.

With the business areas providing investment services and ancillary investment services, the Bank has identified the circumstances and situations that may lead to conflicts of interest, and has developed effective procedures to address these.

The Bank endeavours to be able to appropriately and efficiently recognise and handle potential conflicts of interest. The Bank may use the following methods in particular to handle potential conflicts of interest:

- (i) avoidance of specific situations,
- (ii) setting up information barriers (so-called Chinese walls),
- (iii) ensuring an adequate degree of independence, and
- (iv) information of the concerned customers in an appropriate manner of the existence of potential conflicts of interest.

In relation to the investment services provided by the Bank, a potential conflict of interest situation may arise, *which may have adverse consequences for the client's interests, including his sustainability preferences*. The following cases *may fall into this category*:

- the Bank or its employee makes a profit or avoids a loss to the detriment of the customer;

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- the Bank or its employee has an interest in the result of a service provided to the client or a transaction carried out on behalf of the client, which interest is different from the client's interest in the result;
 - the Bank or its employee favours the interests of another client or group of clients over those of the client;
 - the Bank or its employee is interested in the same business as the customer;
 - the Bank or its employee receives or will receive from a third party (other than the customer), in connection with the provision of the service to the customer, any benefit, whether financial or non-financial, in addition to the advertised commission or fee due for the product.

The Bank defines potential conflicts of interest particularly in the following major categories:

I. Conflicts of interest between Raiffeisen Bank Zrt. and its customers:

1. Conflicts of interest relating to the fair treatment of clients: for example, when selling certain securities, the Bank may receive a benefit from the investment fund manager and the issuer of the security, including:
 - a) sales commissions proportional to turnover, paid by investment fund managers out of the fees paid to them by the clients;
 - b) sales commissions paid by issuers of securities in the form of a marketing commission;
 - c) discounts from the issue price, and other commissions related to (repeated) sales;
 - d) sales charges paid to the Bank in respect of the units of investment funds and other securities;
 - e) non-financial benefits provided to the Bank or its employees.The Bank may pay a commission in relation to completed transactions, or may pay a certain amount of remuneration to any intermediary who may have a contractual relationship with the Bank and who plays a role in the mediation of the client or transaction.
2. Conflicts of interest of a competitive nature between customers and the Bank: for example, the Bank may wish to buy securities for its own account in which its customers also wish to invest.

Multiple relationship: for example, the Bank may be acting on behalf of an investor in relation to a particular bond transaction and at the same time provide credit to the bond issuer, which may lead to a conflict of interest between the Bank's duty as a broker and its own lending interests.
3. Conflicts of interest related to the use of material non-public information or other confidential information: it may occur for example that the Bank sells securities to a client and at the same time holds confidential information about the obligor of the same security in its capacity as a lender or adviser.
4. Conflicts of interest related to product design: the Bank may develop a product that allows it to sell its outstanding claim due from a company to its customers.

II. Conflicts of interest between clients or groups of clients:

The Bank may be providing investment advice to a client in relation to a transaction, and at the same time provide a loan to another client in relation to the same transaction, where the interests of the two clients may differ/conflict.

III. Conflicts of interest between the interests of Raiffeisen Bank's employees and executive officers and the interests of Raiffeisen Bank or its customers:

A Bank's employees may have their own investments in the issuer of a particular security and may also provide investment advice to clients in relation to that securities issuer.

4. Management of conflicts of interest

When managing conflict of interest situations, the Bank shall at any point in time—in compliance with the statutory requirements—

- have effective procedures in place to prevent or control the exchange of information between relevant persons involved in activities carrying the risk of a conflict of interest, where such exchange of information could damage the interests of the client or clients,
- provide for the separate supervision of persons whose primary functions include carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent potentially conflicting, different interests, including the interests of Raiffeisen Bank as well,
- remove any direct link between the remuneration of relevant persons who are principally engaged in one activity and the remuneration of other relevant persons who are principally engaged in another activity, or the income generated by these persons, where there might be a potential conflict of interest between those activities,
- take measures to prevent or restrict any person from exercising undue influence over the way in which a relevant person carries out investment or ancillary services or activities,
- take measures to prevent or control the simultaneous or successive involvement of a relevant person in different investment or ancillary services or activities, where such involvement may hinder the proper management of conflicts of interest.

In addition to the measures and procedures set out in the Conflict of Interest Policy, the Bank may use other measures as well to manage the risks arising from conflicts of interest where the provision of such measures and procedures is not sufficient.

The Bank is obliged to disclose to the client the nature and source of any conflict of interest for which it does not have an effective management procedure and which causes the client disadvantage or damage to his interests. The Bank is obliged to take all reasonable measures to eliminate conflicts of interest that cause damage to the client.

Disclosure of conflicts of interest to clients should only be used where the effective organisational and administrative arrangements designed to prevent or manage conflicts of interest as

described above are not sufficient to ensure satisfactorily that the risk of damage to the client's interests can be reliably prevented.

In such cases, the customer should be informed as follows:

The information should:

- clearly state that the management and organisational arrangements developed by the Bank to manage and prevent conflicts of interest have not proved sufficient to prevent this specific conflict of interest;
- should include a detailed description of the nature and source of the conflict of interest that arises and the measures taken to avoid it, taking into account the nature of the client receiving the disclosure;
- explain the general nature and sources of conflicts of interest, the risks to the client as a result of conflicts of interest and the steps taken to mitigate those risks;
- be disclosed on a durable medium;
- be sufficiently detailed to enable the client to make an informed decision about the investment or ancillary service in respect of which the conflict of interest has arisen.

The information on the conflict of interest must be provided to the customer on a durable medium or through the website.

In accordance with the legal requirements, the Bank applies the following procedures and measures to prevent conflicts of interest:

- A Compliance function has been established, whose primary task is to identify and address any problems or deficiencies that may arise in the Bank's operations at the earliest possible stage, i.e. at the time of origination, and if possible even before, thus ensuring the speed and efficiency of resolution.
- By setting up so-called "Chinese walls", the Bank ensures that financial services activities and investment services activities are carried out separately from each other. The flow of information and interoperability between the so-called areas of confidentiality is governed by internal rules, making it possible to prevent the misuse of confidential information.
- Specific rules have been laid down for the staff working in areas of confidentiality. They are expressly forbidden from certain types of duties, which is governed by internal rules.
- In order to limit and monitor the use of non-public information available on financial instruments or their issuers, watch lists or restricted lists are maintained that serve to monitor the transfer of sensitive information, prevent market abuse—including insider trading, the unauthorised disclosure of inside information, and market manipulation—and prohibit certain transactions.
- There is a system of corporate oversight and approval in place that operates independently of the employees directly involved in product sales, and that covers—among others—the pricing of transactions and products, marketing terms, and product structure.
- The transactions with financial instruments of our employees that may be affected by conflict of interest situations are constantly monitored.

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- The Bank organises ongoing trainings for its employees in order to help them recognise and avoid conflict of interest situations.
 - The Bank monitors its employees' own investment activities and their holdings in outside businesses, as well as the creation of additional employment relationships or works performed in other arrangements.
 - The giving and acceptance, even by third parties, of benefits of a financial or non-financial nature to employees is regulated, including the disclosure of such benefits to customers.
 - The Bank's internal incentive system is designed so that the interest of the customers prevails at every stage of the process. Equal treatment of clients or groups of clients is ensured by applying internal rules of procedure.
 - The Bank will not accept funds or benefits from third parties if the funds or benefits do not comply with the requirements set out in the legislation applicable to incentives.
 - Clients are informed about the services, products and their terms and conditions, in a way that complies with the legal and consumer protection requirements and recommendations.
 - Clients are informed of the principles and procedures used for identifying and managing conflicts of interest. If a client classified as a retail or prospective retail client requests further information on the Conflict of Interest Policy, Raiffeisen Bank will provide such information. The Conflict of Interest Policy is part of the Business Conditions for Investment Services, and is therefore available to clients in the same way.
 - Investment advice is provided solely with full knowledge by the Bank of the client's needs, risk-bearing capacity, risk appetite and product knowledge.
 - The Bank carries on its investment analysis activities taking into account the legal requirements for investment recommendations. Investment analysts may not engage in any other activity that would give rise to a conflict of interest.
 - When executing orders, the Bank acts in accordance with the Execution Policy, in compliance with its internal regulations.
 - When dealing on own account, the Bank acts in compliance with its internal regulations. As a general rule, proprietary trading and client orders must be separated from each other. In the case of competing orders, client orders should be given preference over own account orders.
 - In the course of portfolio management, the Bank acts in compliance with its internal regulations.
 - The Bank has implemented measures to protect the clients' financial assets and cash, and ensure that the client's assets are distinguishable at all times from those of other clients and from those of the Bank.
 - As an investment firm providing execution and research services as well as carrying out underwriting and placing activities, the Bank shall ensure that adequate control

mechanisms are in place to manage any potential conflicts of interest between these activities and between its different clients receiving those services.

- The Bank has systems, control mechanisms and procedures in place to identify and prevent or manage potential conflicts of interest arising from the possible underpricing or overpricing of the issue, or from the involvement of stakeholders in the process.
- The Bank establishes, implements and maintains effective internal arrangements to prevent or manage conflicts of interest that arise when persons responsible for providing services to its investment clients are directly involved in decisions relating to recommendations given on the allocation to an issuing client.
- The Bank has systems, control mechanisms and procedures in place to identify and manage conflicts of interest that arise when providing investment services to an investment client participating in a new issue where the Bank receives a commission, fee or other monetary or non-monetary benefit in connection with the organisation of the issue.
- The Bank develops, implements and maintains clear and effective arrangements to identify, prevent or manage potential conflicts of interest that may arise when it wishes to place financial instruments issued by itself or by entities belonging to the same group with its existing clients (including existing clients that deposit their funds at the Bank in the case of credit institutions, or investment funds managed by entities belonging to their groups).
- The Bank has arrangements in place to identify, prevent or manage potential conflicts of interest arising where a previous loan or credit granted by the Bank or an entity belonging to the same group to the issuing client may be repaid from the proceeds of a securities issue.
- The Bank allows information on the financial situation of the issuer to be shared with entities in the group acting as borrowers, provided that this does not exceed the information barriers set by the undertaking to protect the interests of the client.
- Where necessary, the Bank discloses to customers general and specific cases of conflicts of interest, including cases where it is not possible to avoid or fully manage the conflict of interest.

5. Keeping record of conflicts of interest

All employees of the Banking Group shall immediately report in writing any situation coming to their attention that may give rise to a conflict of interest, which shall be investigated by the Banking Group in all cases, with the involvement of the business areas concerned if necessary. The Bank shall, in accordance with the law, keep a record of the investment services or ancillary services provided by it or on its behalf, or the investment activities carried out by it or on its behalf, in the course of which a conflict of interest involving a risk of damage to the interests of the client(s) has arisen or may arise. The records also contain the measures and procedures applied to manage the identified conflicts of interest.

Once a year, the Bank prepares a written report for senior management on any conflicts of interest that have arisen in connection with the Bank's investment services and ancillary services.

The Bank shall review the Conflict of Interest Policy at least annually, but in duly justified cases more frequently as well.

The enforcement of this Conflict of Interest Policy, its regular maintenance, the identification of situations that may lead to a conflict of interest detrimental to the customer, and the handling of any situations that may arise is the responsibility of the Compliance area.