

NOTIFICATION REGARDING THE CONFLICT OF INTERESTS POLICY ON INVESTMENT AND ADDITIONAL SERVICES OF “DSK BANK” AD (“The Bank”)

On the grounds of Art. 47, paragraph 1, letter i) and h) of Commission Delegated Regulation (EU) 2017/565 | of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive („Regulation 565/2017“), with this document, the Bank provides its clients with a summary description of the Conflict of Interest Policy for investment and ancillary services of DSK Bank AD, held by the Bank as an investment intermediary.

WHAT IS CONFLICT OF INTERESTS?

This is a situation that arises in connection with the provision of investment or additional services and activities by the Bank as an investment intermediary, which may lead to adverse consequences for the client and harm to his/her interests.

SITUATIONS ON CONFLICT ON INTERESTS:

The Bank or a person in connection with the Bank:

- Makes a financial gain or avoids financial loss at the expense of the client. Such a conflict of interest could occur when the Bank trades on its own account outside a trading venue, when the Bank is a counterparty to the client in a specific transaction.
- There is an interest in the outcome of a service provided to the customer other than the interest of the customer. Such a conflict of interest could occur in the event that the Bank executes a large order of a client, contrary to the current market conditions, dividing it into several different transactions, for each of which it receives a separate commission.
- There is interest in the same deal with the client. Such a conflict of interest could occur in the provision of order execution services in case the Bank prefers to execute its order for trading before it to its client, although it has decided to do so only after the receipt of the client order.
- Has an interest in primarily supporting the interests of another client or client group relative to the client's interest. Such a conflict of interest could occur when two clients submit orders with the same characteristics and the client who submitted an order later is a related person to the Bank.
- May receive from a third party in connection with the provision of the service to the client outside the publicly announced commission, fee for the product or service, other tangible or intangible remuneration. Such a conflict of interest could occur in the provision of investment advice by the Bank to its clients regarding an investment product, when part of the price paid by the client to its creator is returned as a commission to the Bank.

IT IS NOT A CONFLICT OF INTERESTS WHEN:

- there is a remuneration, commission or non-monetary benefit from a third party in order to improve the quality of the service, which does not violate the Bank's obligation to act honestly, correctly, professionally and in the best interests of the client, and
- The existence, nature and amount of the remuneration, commission or non-monetary benefit shall be indicated to the client clearly, in an accessible manner, accurately and intelligibly before the provision of the relevant investment or ancillary service and, where the amount cannot be determined, the method of its calculation shall be indicated.

SYSTEM OF MEASURES TO PREVENT CONFLICTS OF INTERESTS:

- The Bank's activities are organized in such a way as to minimize the risk of harm to the interests of its clients due to the occurrence of a conflict of interest between the interests of the Bank and those of its clients, or between the interests of its individual clients.
- The Bank has adopted and implemented internal policies for the prevention, treatment and management of potential or actual conflicts of interest, which ensure equal treatment of clients with a view to identifying and preventing potential conflicts of interest between the Bank, the persons involved in the provision of investment and ancillary activities on its behalf, and the persons related to it through control, on the one hand, and on the other – its individual clients, as well as between its clients.
- In the event that a conflict of interest is unavoidable, the Bank will disclose to the client on a permanent basis the general nature and/or sources of conflicts of interest and the measures taken to mitigate these risks, before undertaking further actions for the provision of services in order for the client to make an informed decision.

1. ORGANIZATIONAL STRUCTURE

- It is necessary to separate the structural units with responsibilities in relation to investment activities, their independence and a clear distribution of functions and responsibilities, in accordance with the requirements of the applicable legislation.
- Separation/physical separation of organizational units dealing with financial and investment services to ensure their independent operation.

2. FUNCTIONAL RULES AND PROCEDURES

- They comprehensively regulate the functions of the structural units and the specific actions carried out between them, incl. exchange of information in relation to the provision of investment services.
- The Bank applies rules for the use of inside information and prevention of market abuse, rules for personal transactions concluded by its employees, regulations excluding a direct connection or connection between the remuneration of employees performing within the framework of the activity of investment services and the ancillary services of tasks that may cause a conflict of interest.
- The Bank also applies a Policy for Execution of Client Orders, which provides for measures for fair determination of the price of products for transactions concluded outside a trading venue, the execution of orders in the order of their receipt, etc.

3. RULES FOR THE PREVENTION AND TREATMENT OF CONFLICTS OF INTEREST AND FOR THE PROTECTION OF CLIENTS' TRADE SECRETS

- They specify the regulatory obligations of the Bank and determine the procedure for resolving situations where there is a suspicion of a conflict of interest or in which the occurrence of such is inevitable.
- Determine the internal information exchange and notification regimes, as well as the specific obligations of the structural units related to the prevention and treatment of conflicts of interest, in accordance with the requirements of the applicable legislation.
- The Bank has adopted and applies Conflict of Interest Rules, Capital Markets Rules, as well as a Conflict of Interest Policy for investment and ancillary services of DSK Bank AD.

4. PROVIDING A SYSTEM FOR MONITORING, ANALYSIS AND ASSESSMENT OF THE COMPLIANCE OF THE EXISTING INTERNAL ORGANIZATION WITH THE REQUIREMENTS OF THE APPLICABLE LEGISLATION, AS WELL AS TAKING MEASURES FOR THEIR OPTIMIZATION.

- The Rules for Compliance and Internal Control of Investment Activities shall apply;

- The Bank has established a system for effective and continuous internal control over the individual units and employees with responsibilities for the implementation of investment activities in the Bank, in accordance with the adopted rules and procedures.
- The Internal Control of Investment Activities Unit shall carry out constant monitoring and control over the investment activities carried out, in particular, assess the situations and relevant circumstances giving rise to a conflict of interest, taking into account at least the following criteria:
 - a/ from the point of view of customer protection, in particular the information inequalities existing between the Bank/OTP Banking Group and customers;
 - b/ in terms of market controls, including insider dealing checks;
 - c/ in terms of prudential requirements, with particular attention to fraud related to inefficient organisation of processes or deficiencies in the internal control system or internal procedural rules.

At the request of the client, the Bank provides additional information on the Conflict of Interest Policy for investment and additional services of DSK Bank AD.

The policy is published on the Bank's website - [Conflict of Interest Policy](#).