

OTP Bank Romania's Conflict-of-Interest Policy for investment services and ancillary services

I. The purpose of the Conflict of Interest Policy

OTP Bank Romania SA, located in Bucharest on Buzesti Street, no. 66-68, sector 1, registered at the Trade Register under no. J40 / 10296/1995, in the Bank Register kept by the National Bank of Romania under the number RB-PJR -40-028 / 18.02.1999 and in the ASF Register Section 1 - Entities providing investment services and activities in Romania, Subsection 2 - Credit institutions in Romania under No. PJR01INCR / 400021 by the decision authorizing the certificate No. 6 / 28.03 .2019) ensuring the services and investments of its clients.

According to Law no. 126/2018 on financial instruments markets, as well as 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 organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (hereinafter: the Directive), OTP Bank Romania (hereinafter: the Bank) is obliged to consistently execute the orders of its Business Partners on terms most favourable to the Business Partner, and to indicate the execution venues that enable the Bank to obtain, on a consistent basis, the best possible result for the execution of the orders of its Business Partners. The Conflict of Interest Policy summarises the circumstances that lead or may lead to a conflict of interest potentially causing adverse consequences for the client. The Conflict of Interest Policy comprises the policy as required in the Law no. 126/2018 on financial instruments, the Directive and other related legal acts, but does not present the entirety of the regulations and policies followed by OTP Bank Romania in the course of performing its investment services and ancillary services.

In the course of its activities, the Bank shows due professional care as may be expected from a credit institution and thus gives priority to the Business Partner's interests in each phase of its service. The Bank seeks to foster long-term relationships with its Business Partners and improve client satisfaction. To gain the trust required for this, the Bank believes it is necessary that it ensures that the Business Partners' interests are given ample protection.

In the Conflict of Interest Policy, the Bank specifies those circumstances within the framework of its investment and ancillary services and the related financial services that lead or may lead to a conflict of interest potentially causing adverse consequences for the Business Partner. The Policy also defines those detailed procedural rules and measures that allow the prevention, identification and management of such conflict of interest situations that are potentially prejudicial to the Business Partner.

By taking the necessary actions and putting appropriate procedures in place, the Bank seeks to ensure that the Employees of the Bank and the OTP Bank Group and any person associated with the Bank learn about and fulfil the requirements specified in the internal regulations and refrain from showing any conduct that violate the provisions of these regulations.

The Bank will inform its Business Partners of the methods and procedures applied by the Bank to identify and manage conflict of interest.

II. Interpretative provisions

Employee:

a natural person having a legal relationship with OTP Bank Romania for the performance of work.

The Bank

OTP Bank Romania S.A.

Person associated with the Bank:

For the purposes of the Conflict of Interest Policy, the following persons will qualify as persons associated with the Bank:

- as per the provisions relevant to the organization of business associations, the CEO, his/her partner or equivalent, managing director or tied agent of the Bank;
- as per the provisions relevant to the organization of business associations, the CEO, his/her partner or equivalent or managing director of the tied agent of the Bank;
- an employee of the Bank or the Tied Agent, or any other natural person providing services on behalf of and under the control of the Bank or its tied agent, and involved in the performance of the Bank's investment services and activities;
- all natural persons directly involved in the outsourcing of the service provided to the Bank or its tied agent, whose purpose is to perform the Bank's investment services and activities.

Investment service activities and ancillary services:

Any of the services provided in Annex no. 1: List of services, activities and financial instruments - Section A and B of Law no. 126/2018 on financial instruments;

Applicable legislation:

Law no. 126/2018 on financial instruments;

Relevant person:

For the purposes of the Conflict of Interest Policy, the following persons will qualify as Relevant persons:

- as per the provisions relevant to the organization of business associations, the CEO, his/her partner or equivalent, managing director or tied agent of the Bank;
- As per the provisions relevant to the organization of business associations, the CEO, his/her partner or equivalent or managing director of the tied agent of the Bank;
- an employee of the Bank or the Tied Agent, or any other natural person providing services on behalf of and under the control of the legal entity or its tied agent, and involved in the performance of the Bank's investment services and activities, including the Bank's employees;

- all natural persons directly involved in the outsourcing of the service provided to the Bank or its tied agent, whose purpose is to perform the legal entity's investment services and activities, including those in a relationship with the Bank and performing outsourced or intermediary activities;

Directive:

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 organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;

Durable medium:

shall mean any instrument which enables a client to store information addressed personally to that client in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;

Client

a natural person, legal person or other organization without a legal personality to whom or which OTP Bank Romania provides an investment service or an ancillary service. For the purposes of the Conflict of Interest Policy and with a view to information provision to, rating and pre-contact information collection obligation regarding clients, any person intending to use OTP Bank Romania's investment service or ancillary service is also considered a client.

III. The scope of the Conflict of Interest Policy

The Conflict of Interest Policy defines the principles, procedures and control functions applicable to various situations related to the Bank's investment service activities and provision of ancillary services. As the Bank qualifies as a credit institution providing investment services, the scope of the Conflict of Interest Policy also extends to the relevant financial services provided by the Bank.

The material scope of the Conflict of Interest Policy does not cover those cases of conflict of interest that relate to the Bank's other services or activities.

With regard to the OTP Group, the Conflict of Interest Policy takes into account the circumstances the Bank has or should have information about and that may result in conflicts of interest generated as a result of the other Group members' structure and business activities.

The Conflict of Interest Policy applies to the Bank, the Bank's Employees, persons associated with the Bank and to conflicts of interest/situations of conflicts of interest between

- the Bank and its Client(s)
- the Bank's Employees, the Person(s) concerned and the Bank or the Business Partners
- Business Partners or groups of Business Partners

IV. Circumstances leading to conflicts of interest

The Bank examines situations potentially causing conflict of interest from at least the following three aspects:

- from a consumer protection aspect, especially with regard to the information asymmetries between the Bank and the Business Partner;
- from a market supervision aspect, including the examination of any inappropriate use of insider information;
- from a prudential aspect, focusing in particular on fraud associated with by inefficiencies of process engineering or deficiencies in the internal control system or the internal procedural rules.

Any actual or potential conflicting interest that may have adverse consequences for the client must be considered a conflict of interest for the purposes of this Policy. The cases examined by the Bank for conflict of interest include but are not limited to the following:

- the Bank or a person associated with the Bank is likely to gain a financial profit or avoid a financial loss to the detriment of a Business Partner;
- the Bank or a person associated with the Bank has an interest concerning the result of a service provided to the Business Partner or the transaction performed on behalf of the Business Partner, which interest is different from the one of the Business Partner concerning result;
- the Bank or a person associated with a Bank, due to some financial or other intensive, gives priority to the interest of another Business Partner or group of clients over those of the Business Partner;
- the Bank or a person associated with the Bank has interests in the same transaction as the Business Partner;
- the Bank or a person associated with the Bank receives any monetary or non-monetary benefit, or incentive in the form of a service, or will receive that in connection with the service provided to the Business Partner.

When developing services and introducing products, the Bank will seek to prevent the generation of conflict of interest. If conflict of interest cannot be excluded in an area, the Bank will develop such an internal organizational management and regulation environment which can guarantee that such conflict of interest will not be detrimental to the Business Partners. Nevertheless, it is not possible to exclude potential conflict of interest in the case of certain services and Business Partners, not even after proper measures have been taken. The Bank will inform the client of these in advance to allow the Business Partner to make an informed decision on whether he/she wants to use the service.

V. Management of conflicts of interest

All actual or potential conflict of interest generated in the course of the Bank's activities and having or potentially having adverse effects for the Business Partner must be managed by the Bank. To avoid conflict of interest adversely affecting the Business

Partners, the Bank makes sure that the Relevant persons involved in the various business activities resulting in a conflict of interest perform their activities independently to the degree that it is appropriate to the activities and size of the activity of the Bank and the Banking Group, and the risk of the damage affecting the interests of the Business Partner.

To this end, the Bank

- introduces effective procedures to prevent or control the information exchange between Relevant persons with a risk of conflict of interest;
- provides separate supervision in the case of persons whose primary functions include performing activities on behalf of or providing services to Business Partners whose interests may be in conflict or who may in any other way represent conflicting or different interests, including the interests of the Bank;
- terminates all direct relationship between the remuneration of Relevant persons performing primarily a specific activity and the remuneration to or the revenues generated by Relevant persons who primarily carry out a different activity, if there is any conflict of interest between those activities;
- takes measures to prevent or restrict any person having unauthorized influence over how a Relevant person carries out his/her investment or ancillary services or activities;
- takes measures to prevent or control any Relevant person involved in different investment or ancillary services or activities simultaneously or in succession, if such involvement may hinder the appropriate management of conflicts of interest.

If the measures and procedures specified in the Conflict of Interest Policy are not sufficient, the Bank will have the right to apply additional measures to manage risks caused by conflict of interest.

If certain conflicting interests may result in a conflict of interest detrimental to and causing damage to the Business Partner and the Bank has no efficient procedure in place to manage this situation, the Bank will be required to disclose to the Business Partner the nature and source of such conflicting interests. The Bank shall take all reasonable measures to eliminate any conflicts of interest that cause damage to the client.

The Bank may only consider informing the client about the situation as the last resort in managing the conflict of interest if the effective organizational and administrative solutions developed by the Bank to prevent or manage conflicts of interest prove insufficient to prevent damage to the Business Partner's interests in a substantially reliable manner. The information thereby provided shall clearly state that the organizational and administrative solutions developed by the Bank to prevent or manage conflicts of interest prove insufficient to prevent damage to the Business Partner's interests in a substantially reliable manner. The information shall specifically describe the conflicts of interest that may surface when providing investment and/or ancillary services while taking into account the nature of the Business Partner receiving the information. The information provided to the Business Partner about the conflict of interest shall be detailed enough – including the general nature and sources of the conflicts of interest, the risks to the Business Partner as a result of the conflicts of

interest, and the steps taken to mitigate such risks – to enable the Business Partner to make an informed decision about the investment or ancillary services with regards to which the conflicts of interest had surfaced. The information about the conflict of interest shall be provided to the Business Partner on a durable medium or, provided the relevant requirements are met, via the website.

The Bank uses in particular the following procedures and measures to discover, prevent and manage conflict of interest situations:

- the Bank has an independent compliance function and organization whose tasks include, among others, the identification, prevention and management of conflicting interests and conflict of interest;
- the Bank uses internal procedures to ensure that conflicts of interest are discovered and identified when new products and services are introduced or existing services are provided to a new group of Business Partners;
- the Bank uses methods of organizational separation, i.e. the physical separation of organizational units or other methods, including in particular the introduction of barriers of access to information, the management and control structure within the organization, and the maintenance of a sufficient level of independence;
- the Bank has effective internal regulations and procedures in place that comply with the law and that prevent market abuse, including insider trading, the unlawful disclosure of insider information and market manipulation, and also prevent and abuse of the clients' confidential information protected by law or any other confidential information. For this purpose, the Bank will, among other measures, keep records of transactions made on the employees' own account as stipulated in and to the extent defined by law.
- the Bank tracks trading in financial assets/instruments and verifies the transfer of insider information in order to prevent its employees trading in their own name or on the Bank's account from carrying out any abuse of such information to the detriment of other capital market players.
- the Bank carries out the Business Partners' instructions/orders in accordance with the Implementation Policy. The Implementation Policy allows potential conflict of interest to be avoided when the instructions/orders are carried out and the Policy ensures that orders/instructions are fulfilled transparently, in a manner and subject to the terms disclosed to the Business Partners in advance;
- the Bank develops its internal incentive schemes in a way that the clients' interests are given priority in each phase of the procedure. The Bank uses internal procedural regulations to guarantee that Business Partners and groups of Business Partners receive equal treatment;
- the Bank does not accept any amount or benefit if that does not comply with the criteria stipulated in Article 24 of Directive 2014/65/EU on incentives and in the relevant laws and in Regulation no. 10/4/2018 on the protection of financial instruments and funds belonging to customers, product governance obligations and rules applicable to the granting or receipt of fees, commissions or other types of pecuniary or non-pecuniary benefits;
- information to its Business Partners about the general principles and the procedures applied by the Bank to investigate and manage conflict of interest situations. If a Business Partner rated as a current or future retail

client requests more information about the Conflict of Interest Policy, the Bank's Employees will provide the requested information. The Conflict of Interest Policy is a part of the Business Regulations of the Investment Services Business Line, which means that the Policy is available to Business Partners in the same form as the Regulation;

- the Bank provides information to Business Partners in connection with services, products and conditions, and complies with the consumer protection rules and recommendations when providing the information;
- the Bank monitors its Employees' own investment activities, external shareholdings and additional employment relationships/other forms of legal relationship for the performance of work.
- the Bank specifies rules applicable to its Employees for the provision and acceptance of financial and non-financial remuneration.
- the Bank arranges training for its Employees concerning the identification, prevention and efficient management of conflict of interest situations;
- the Bank identifies all potential conflict of interest that may originate from other activities of the Bank or the group, and implements appropriate procedures for their management. In the event the Bank cannot manage a specific conflict of interest by instituting appropriate procedures, it cannot participate in the transaction;
- as the investment enterprise providing the execution activities, the Bank ensures that it has appropriate control mechanisms to manage any conflict of interest between the various Business Partners using these activities and services;
- the Bank possesses systems, control mechanisms and procedures designed to identify and prevent or manage conflicts of interest originating from the potential underpricing or overpricing of the issuing or the involvement of the affected parties in the process;
- the Bank establishes, introduces and maintains effective internal solutions, specifically controlled data transfer, to prevent or manage conflicts of interest that emerge when the persons responsible for providing services to investment Business Partners are directly involved in the decision of the issuing client relevant to the recommendations given for the allocation;
- the Bank develops, introduces and maintains clear and effective solutions to identify, prevent or manage any conflicts of interest, if it intends to deposit financial instruments of its own issue or issued by organizations belonging to the same group to its existing Business Partners (including existing deposit clients of credit institutions and the investment funds managed by organizations belonging to their group);
- the Bank has solutions to identify, prevent or manage any conflicts of interest resulting from the loan or credit provided by the Bank or an organization of the same group to the issuing Business Partner may be repaid from the revenues realised on an issuing;
- the Bank allows the information relevant to the financial situation of the issuer to be shared with organizations acting as lenders in the group, provided that such sharing does not breaches the information restrictions implemented by the legal entity for the protection of the client.

VI. The Bank's procedure

Taking into account the statutory requirements, the regulatory authorities' expectations and best practice applied in business, the Bank will develop appropriate internal regulations allowing situations of conflict of interest to be detected and managed efficiently.

With the participation of the affected organizational units, the Bank monitors potential conflicts of interest, defines the general types of the given conflicts of interest and possible circle of cases and, on the basis of this, the conflict of interest criteria and the procedures and measures applied for their management.

When a new product or service is introduced, or a service is offered to a new group of Business Partners, the Bank must discover the conflict of interest related to the product and if they result in a conflict of interest for the purposes of this Policy, the organizational unit will propose an effective procedure to manage the conflict of interest.

The Bank shall keep, pursuant to the Regulation, a Conflict of interest register of the investment services, ancillary services provided or investment activities performed by or on behalf of the Bank, during which any conflict of interest posing a risk of damaging the interest(s) of the Business Partner(s) occurred or may occur. This register will contain the measures and procedures applied in order to manage the identified conflicts of interest. At least once a year, the senior management of the Bank shall receive a written report on the current situations relevant to the Conflict of Interest register.

The Bank will continuously update the register with any reported cases, with cases of conflict of interest identified otherwise and with changes and modifications in the identified conflict of interest and the measures applied.

The Bank will review the Conflict of Interest Policy and the Conflict of Interest register regularly (at least annually) or, if necessary, carry out additional reviews. During the review the Bank will take the necessary actions to manage the deficiencies.

The Compliance Directorate is in charge of coordinating tasks related to conflict of interest situations and the maintenance of the register within the Bank.

In the case of questions or comments regarding the Conflict of Interest Policy, please contact the Bank for detailed information.