

**POLICY FOR HANDLING CONFLICTS OF
INTEREST
OF FIRST INVESTMENT BANK AD
IN ITS CAPACITY AS AN INVESTMENT
INTERMEDIARY**

Art. 1. (1) This Policy for Handling Conflicts of Interest of First Investment Bank AD ("Fibank", "the Bank"), aims to provide transparent rules for detection and prevention of potential situations that constitute, or could lead to conflicts of interest, as well as for handling already arisen conflicts of interest in the process of provision of investment services and activities under Art. 6 para. 2 and 3 of the Markets in Financial Instruments Act (MFIA) on behalf of clients of the Bank, taking into account the "risk of damage to the client interests" factor.

(2) Subject to this Policy are:

1. the essence of the "conflict of interests" concept;

2. the hypotheses that constitute conflicts of interest or could lead to conflicts of interest, and that carry a potential risk of harm to the interests of a client or clients of Fibank regarding a specific service or activity provided by the Bank;

3. the procedures and measures to prevent the emergence of situations that could lead to conflict of interests;

4. handling of emerging conflicts of interest in accordance with the nature of the provided investment services and activities, and in compliance with the obligations for:

a) fair treatment of customers: in its relations with customers, Fibank acts fairly and impartially, preventing the opposing of interests of one client to the interests of another;

b) disclosure of information: providing clients with information on conflicts of interest that is sufficient, in accordance with the classification of the client made by the Bank, for the client to make an informed decision regarding the investment or ancillary service in connection with which a conflict of interest may arise;

c) preventing damage to client interests: i.e. taking all necessary actions by the Bank in case of conflict of interests so as to avoid damage to client interests.

(3) For the purposes of this Policy, the term "remuneration" shall mean any type of payment or financial or non-financial benefits provided directly or indirectly by, or to the Bank in the course of the provision of investment or ancillary services to customers.

(4) When providing investment services and activities under Art. 6 para. 2 and 3 of MFIA, the Bank shall take all necessary actions to identify potential conflicts of interest between:

1. Fibank, persons directly or indirectly linked to it by a relationship of control, persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, as well as their related parties, and the customers of the Bank;

2. the customers of the Bank.

Art. 2. (1) Conflict of interests is a situation that arises in connection with the provision of investment and/or ancillary services under Art. 6, para. 2 and 3 of MFIA by First Investment Bank AD, in its capacity as an investment intermediary within the meaning of Art. 6 of MFIA, and that might damage the interests of clients.

(2) In order to identify the kinds of conflict of interest resulting from the provision of the investment and/or ancillary services and that might prejudice the client's interest, the Bank shall consider, applying a minimum set of criteria, the circumstance whether the Bank, persons directly or indirectly linked to it by a relationship of control, persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, qualify under some of the following hypotheses as a result of the provision of investment and/or ancillary services or otherwise:

1. is likely to make a financial gain or avoid a financial loss on the account of the client;

2. is interested in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

3. has financial or other incentive to favor the interest of another client or a group of clients over the interests of the client;

4. is involved in the same activity as the client;

5. receives or will receive from a person other than the client benefits in relation to a service rendered to the client, in the form of cash, goods or services contradictory to the provisions of Art. 2, para. 3, item 4 of these Rules or other than the standard remuneration or commission fee for this service.

(3) The hypotheses referred to in para. 2 are indicative /non-exhaustive/. In case of occurrence of other situations that could be qualified as conflicts of interest within the meaning of Art. 2, para. 1, those shall also be subject to this Policy.

(4) In the process of establishing conflicts of interest in connection with the provided investment services and activities, the Bank shall not only assess its activity as an investment intermediary from which situations might arise representing conflicts of interest, but also perform an overall assessment of its activities under the Credit Institutions Act (CIA) to detect weaknesses and prevent in a timely manner potential situations that constitute, or could lead to conflicts of interest.

(5) The evaluation and management of arising conflicts of interest in connection with the provision of services under Art. 6, para 2, items 1 and 2 of MFIA shall proceed depending on the category of the respective client, and in the cases under Art. 6, para 2, item 4 of MFIA – on the investment objectives set by him, the horizon, the specific limitations and requirements, the applied individual investment strategy on the one hand, and the achieved results on the other.

Art. 3. (1) The Bank shall implement effective procedures and measures for the handling of conflict of interests, which are established in the Internal Organizational Rules of FIB AD in the capacity of investment intermediary.

(2) In cases where the Bank conducts or organizes investment research designated for dissemination or may subsequently be disseminated to the public or among its clients for which the Bank is responsible, the Bank shall implement all the measures provided for by the Internal Organizational Rules of the FIB AD in the capacity of investment intermediary for handling of conflicts of interest with respect to the financial

analyst involved in the research, and other working under a contract for the Bank persons, whose responsibilities or business interests may come in conflict with the interests of the investment research addressees.

(3) In cases under para 2 the Bank shall ensure compliance with the following additional requirements:

1. Persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, shall not enter into personal transactions, nor into transactions for the account of another person, including the Bank, in financial instruments subject to the investment research or in financial instruments related thereto, having a prior knowledge of the likely timing or content of the investment research; sentence one shall be applied when the investment research is not publicly accessible nor available to the clients and is not easy to obtain from any information accessible to the public or the clients; the prohibition of sentence one is valid unless a reasonable opportunity is given to the investment research addressees to act in line with the research; the prohibition of sentence one shall not be applied with respect of market-makers who act in *bona fidae* and in the ordinary course of market making, as well as in the execution of an unsolicited client's orders.

2. Outside the cases under item 1, persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, shall not enter into personal transactions in financial instruments subject to the investment research, or thereto related financial instruments, in contradiction to the given recommendations in the period to which the latter refers, except under exceptional circumstances and with the prior approval of an officer from the unit responsible for compliance of the investment services and activities in the Bank.

3. The Bank, persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other

persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty shall not receive remunerations, commission fees or non-cash benefits in contradiction to item 4 from persons who are strongly interested in the subject of the investment research.

4. The Bank shall not pay, provide or receive remuneration, commission fee or non-cash benefits in relation to the provision of investment and/or ancillary services to client, except:

a. remuneration, commission fee or non-cash benefit paid up or provided by or to the client or a representative of the latter;

b. remuneration, commission fee or non-cash benefit paid up or delivered by a third party or a representative of such third party, if the following conditions are present:

- the existence, the nature and the amount of any such remuneration, commission fee or non-cash benefit are clearly and precisely specified by the client, before the respective investment or ancillary service being provided, and if it is impossible to specify the amount then the calculation method must be specified;

- the payment, or the provision, of any such commission fee or non-cash benefit is aimed at improving the quality of service and is not contradictory to the obligation of the Bank to act in the best interest of the client;

c. habitual fees, required or necessary for the investment services to be provided, such as trust service costs, settlement fees and currency exchange, legal fees and public charges, the nature of which is not in conflict with the obligation of the Bank to act in good faith, fairly and professionally in the best interest of the client;

5. The Bank is deemed to having fulfilled its obligation under item 4, indent "a", if:

a. it presents a summary of the essential terms of contracts concerning the remuneration, commission fee or non-cash benefit;

b. it provides detailed information about the remuneration, commission fee or non-cash benefit upon the client's request; and

c. the provision of the information is honest, fair and in the client's interest.

6. The Bank, persons working under a contract for the Bank in connection with its activity as an

investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, shall not promise issuers to which the research relates, favorable presentation in that research;

7. Issuers, persons working under a contract for the Bank in connection with its activity as an investment intermediary, other persons involved the provision of investment or ancillary services under an agreement between Fibank and a counterparty, as well as any other persons except the financial analyst may not, prior to disclosure of the investment research results, to examine the draft document in order to verify the authenticity of the facts therein presented, or with another purpose, except in order to verify compliance with regulations applicable to the Bank, if the draft contains a recommendation or a target price.

(4) Related financial instrument in the sense of para 3 is a financial instrument, the price of which is closely affected by the price fluctuations in another financial instrument, subject to investment research, including a derivative on that other financial instrument.

(5) The requirements under para. 2 - 4 shall not be applicable to the Bank when the Bank disseminates to the public or among its clients any investment research prepared by a third person, if the following conditions are complied with:

1. the investment research is prepared by a person who is not a member of the group to which the Bank belongs;

2. the Bank does not change substantially the recommendations contained in the investment research;

3. the Bank does not present the investment research as being produced by it;

4. the Bank verifies that the producer of the investment research shall comply with the provisions set out in Commission Delegated Regulation (EU) 2017/565 as far as the preparation of the said research is concerned, or that this person has established and implements a policy that introduces the same requirements.

(6) An investment research in the sense of para. 1 - 5 is research or other information, recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or

more financial instruments or the issuers of financial instruments, including any opinion on the present or the future value or the price of such instruments intended for distribution channels or for the public, where the following conditions are present:

1. The information is identified or described as investment research or in other similar terms, or is otherwise presented as an objective or an independent explanation of the matters contained in the recommendation;

2. If the recommendation is provided by the Bank to its client this recommendation shall not be deemed a provision of investment advice.

(7) A recommendation within the meaning of the Measures Against Market Abuse with Financial Instruments Act (MMAFIA), which refers to financial instruments in the sense of Art. 4 of the Markets in Financial Instruments Act (MFIA) and does not comply with the requirements of para. 6 shall be deemed to be advertising materials for the purposes of the MFIA. The Bank shall clearly determine the recommendation of being such and shall insert therein a clear and explicit statement that the recommendation is not prepared in compliance with the statutory requirements that guarantee the independence of the investment research, and therefore it is not subject to the prohibition to enter into transactions prior to disseminating the investment research.

Art. 4. The Bank may not:

1. act on behalf of a customer unless it has adequately informed such customer of the potential and existing conflicts of interest, making sure in the process that this does not violate any existing confidentiality obligations, or endanger the interests of other clients, including in cases where:

a. the Bank, persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, have acquired or may acquire financial instruments the purchase of which they recommend to the client, or perform transactions for own account or for the account of related parties with such financial instruments;

b. specific remuneration would be provided to the Bank, to persons working under a contract for

the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty, or to persons related to them, if a recommended transaction takes place;

c. a conflict of interest may arise or has arisen with another client of the Bank.

2. provide false information, including about:

a. the price or value of financial instruments;

b. the issuer;

c. the obligations arising from transactions in financial instruments.

3. execute transactions for customer's account in volume, with frequency, at a price, or with a counterparty, which transactions under the circumstances may be assumed to have been exclusively in the interest of the Bank, unless such transactions are executed on the explicit order of the customer, given at the customer's own initiative;

4. purchase for its own account financial instruments for which a customer has placed a purchase order, and then sell it to the same customer at a price higher than that at which it has acquired them;

5. make simulative proposals for transactions in financial instruments; enter into transactions in financial instruments that create a false impression of the price or volume of trade; enter into transactions in financial that are fictitious; disseminate false rumors and unjustified forecasts, or conduct any other misleading actions relating to the price or volume of transactions in financial instruments;

6. lend money, or otherwise finance the purchase of financial instruments, or sell for its own account or for the account of another party financial instruments that the Bank, respectively the other party does not own, except under the terms and conditions of the MFIA and its implementing regulations;

7. use customer's funds or financial instruments for purposes that are not related to a transaction performed for that customer's account; use its own, or customer's funds and/or financial instruments for the account of another customer;

or use funds and/or customer's financial instruments for its own account, except under the terms and conditions provided in the MFIA;

8. participate, including in its capacity as a registration agent, in concealed purchase or sale of financial instruments;

9. receive part of, or the entire benefit if it has entered into and executed a transaction on more favorable terms than those set by the client;

10. accept or retain fees, commissions or other monetary or non-monetary remuneration from third parties in connection with the provision of independent investment advice or portfolio management services;

11. deduct fees, commissions or remunerations due to the Bank and/or third parties under the contract with the customer from payments due to the customer under item 10 above;

12. act in violation of the law, of the rules of depository institutions where it keeps financial instruments of customers, of the rules of regulated markets, or otherwise threaten the interests of customers or the stability of the financial instruments market.

13. The prohibition under items 4 and 5 shall also apply to the members of the Management and Supervisory Boards of the Bank and to the persons related to them.

Art. 5. In the cases under Art. 76, para 4 of the MFIA, the Bank prior to execution for the client account of any action in relation to which a conflict of interest exists, shall provide the client on durable medium information concerning the conflict of interests, which shall be sufficient, as per the client's characteristics, for the client to make an informed decision about the investment or ancillary service in relation to which conflict of interests arises.

Art. 6. The Bank shall store and up-date information about the various investment and ancillary services or investment activities which the Banks performs or which are performed on its behalf, in the conduct of which a conflict of interest occurs or is likely to occur, which might prejudice the client's interest or the interests of the clients of the Bank.

Art. 7. (1) With respect to any particular service or activity performed by, or for account of the Bank, the circumstances that constitute a conflict

of interests or that could lead to a conflict of interests, exposing to risk the interests of a client or clients of the Bank, including any such circumstances that are, or should be known to the Bank and that may lead to a conflict of interests as a result of the group structure to which the Bank belongs and the activities of other group members, may involve:

1. the provision of investment advice and/or portfolio management regarding financial instruments and/or related derivatives whereby the Bank acts as distributor, a "counter" for acceptance of orders for transactions in the financial instruments mentioned;

2. the provision of basic and/or additional remuneration (bonuses, fees and other incentives) to employees of Fibank or to third parties carrying out investment services and activities based on assignments by the Bank related to performance;

3. the other activities of the Bank, especially when conducting transactions for its own account;

4. the presence of credit relations of the Bank with individual issuers of financial instruments, respectively with persons participating in the management or supervisory bodies of the issuer, or persons related to them;

5. the preparation of financial analyzes on financial instruments that may subsequently be used in the preparation and distribution of publications for making investment decisions on the part of clients of the Bank related to the financial instruments subject of the publication;

6. obtaining of/access to inside information that is not publicly disclosed;

7. personal relationships of Fibank employees, members of the management and supervisory bodies of the Bank, or persons related to them.

(2) The procedures and measures for handling the conflicts of interest under para.1 include:

1. building organizational rules to ensure the protection of the individual interests of each client of the Bank when executing submitted orders, providing investment advice, or managing clients' portfolios;

2. strengthening the existing, and building of new confidential areas by reinforcing or raising additional information barriers, allocation of responsibilities, as well as spatial separation;

3. maintaining a list of restrictive actions serving to prevent potential conflicts through

official restrictions on providing advice, or preventing the publication of financial analyses;

4. maintaining a list of insider persons serving to monitor the inflow of information, and prevent the misuse of inside information;

5. maintaining a register of investment services and activities in which a conflict of interest has arisen or may arise, leading to a risk of harm, in accordance with the requirements of Art. 35 of Commission Delegated Regulation (EU) 2017/565;

6. observance of the rules for entering into personal transactions by the persons under Art. 2 (1) of the Commission Delegated Regulation (EU) 2017/565;

7. disclosure of employees' transactions in financial instruments whereby conflicts of interest may arise before the relevant departments (monitoring of employees' compliance);

8. establishment of internal rules and procedures to ensure the absence of direct connection between the remuneration received by employees involved in provision of investment services and activities on behalf of Fibank and the outcome realized by the activity of the Bank as an investment intermediary; preventing the reconciling of separate positions and/or functions in a way that may undermine the interests of the client

9. Preventing unqualified influence measures;

10. Staff training;

11. Make any conflict of interests public where prevention or settlement is impossible;

12. Providing information about potential conflicts of interests in the financial analysis prepared and/or disseminated by the Bank;

13. Disclosure of information about the existence, nature and amount (and when such amount is not determined - the method of its calculation) of payments and benefits, received/provided by third parties in connection with financial instruments offered and/or recommended by the Bank that are not created by it.

14. disclosure of the actual amount of payments under item 13 above, received / provided by the Bank for the previous calendar year;

15. transfer to the customer of all fees, commissions or cash benefits paid or provided by a third party, or a person acting on behalf of a third

party, in connection with the services provided to that customer as soon as possible after their receipt, but no later than 5 (five) business days of receipt;

16. provision of information to customers about fees, commissions or cash benefits transferred to them, through periodic statements or otherwise on a durable medium;

17. when providing independent investment advice or portfolio management, Fibank shall not accept non-monetary benefits except as an exception and when they meet the criteria for acceptable minor non-monetary benefits under Art. 36, para. 2-3 of Ordinance No. 58 of FSC on the requirements for protection of financial instruments and funds of customers, product management and provision or receipt of remuneration, commissions, and other monetary or non-monetary benefits. Prior to providing customers with the relevant investment or ancillary services, the Bank shall disclose information on minor non-monetary benefits.

18. The Bank shall require that its staff work to a high ethical standard, which always supposes actions compliant with the effective legislation, professional ethics, respect to the market rules and best practices, and a continuous observance of the client's interest.

(3) The procedures and measures for the handling of conflict of interests set out in para. 2 guarantee that the persons working under a contract for the Bank in connection with its activity as an investment intermediary, financial analysts, other persons involved in the preparation of investment research or in the provision of investment or ancillary services under an agreement between Fibank and a counterparty perform various activities that include conflict of interests pursuant to para. 1, at a level of independence of the performance, adequate to the Bank size and operations, as well as the significance of the risk to prejudice the client's interest. The procedures and the measures under para. 2 include the portion of the following which is necessary to secure the required level of independence:

1. Efficient procedures for preventing as well as controlling the volume of information among those persons who are involved in activities with a conflict of interests when the volume of such information may prejudice the interests of one or more clients of the investment intermediary;

2. Individual control of persons whose main functions include providing services in the name and/or on behalf of clients or providing services to clients when a conflict may arise between the interests of these clients, or which otherwise present various conflicts of interests, where a conflict may arise, including the interest of the Bank;

3. Lack of a direct correlation between the remuneration of persons involved mainly in one activity, and the remuneration of persons involved mainly in another activity of the Bank, or revenues by the latter, if a conflict of interests may arise in relation to such activities;

4. Measures to prevent or circumscribe any improper influence by any person on the way a person working under a contract for the Bank performs investment and/or ancillary services and activities (according to Art. 6, para. 2 and 3 of the MFIA);

5. Measures to prevent as well as to control the simultaneous or successive participation of a person working under a contract for the Bank in individual investment and/or ancillary services or activities when such participation may prejudice the proper management of a conflict of interests;

6. Other necessary and appropriate measures and procedures, alternative or additional to the ones referred to in items 1 - 5, if the latter are insufficient to secure the required level of independence;

7. Measures and procedures concerning the compliance with the provisions of Art. 3, para 3.

§ 3. Services related to underwriting or placing of financial instruments shall be carried out in compliance with the requirements of Art. 38-43 of the Delegated Regulation (EU) 2017/565 with respect to the establishment, management and disclosure of conflicts of interest.

§ 4. This Policy for handling conflicts of interests of First Investment Bank AD in its capacity as an investment intermediary is an integral part of General terms and conditions applicable to contracts for investment services and activities in financial instruments with customers of First Investment Bank AD.

FINAL PROVISIONS

§1. This Policy document was adopted on the basis of Art. 42 of the Internal Organizational Rules of Fibank in the capacity of investment intermediary and in accordance with the provisions of Art. 65, para. 1, item 7 of the MFIA and Art. 34 of the Commission Delegated Regulation (EU) 2017/565.

§2. When concluding contracts/receives assignments/orders with/by clients, Fibank does not provide any consultancy in the form of recommendations and/or advice. Consultancy is available only upon the client's written request and in compliance with the relevant legal provisions.