

CONFLICT OF INTEREST POLICY AND GENERAL INFORMATION ON INDUCEMENTS

PPF banka a.s.

having its registered office at Prague 6, Evropská 2690/17, post code: 160 41, Company identification No.: 47116129, registered in the Companies Register kept by the Municipal Court in Prague, Section B, Insert 1834

1. Conflict of Interest Definition

- 1.1. While providing Investment Services the Dealer identifies potential conflicts of interest and adopts measures to restrict their occurrence and in case that a conflict of interest arises, the Dealer adopts measures aimed at prevention of negative impacts of the conflict of interest on the justified interests of Clients. The Dealer identifies and manages a conflict of interest in a scope prescribed to it by relevant legal regulations.
- 1.2. A conflict of interest means in particular a conflict of interest or a potential conflict of interest that arises or may arise between the Client or a Potential Client and
 - (a) the Dealer, including its managers;
 - (b) tied agents or employees of the Dealer/a Worker of the Dealer;
 - (c) managers of tied agents;
 - (d) persons controlling the Dealer;
 - (e) persons controlled by the Dealer, or
 - (f) other Clients of the Dealer.

2. Conflict of Interest Identification

- 2.1. In accordance with paragraph 1.1 the Dealer takes necessary steps to identify potential conflicts of interest.
- 2.2. As part of identification of a potential conflict of interest while providing the Investment Service the Dealer evaluates in particular whether some of the persons specified in paragraph 1.2:
 - (a) may gain financial advantage or avoid financial loss to the detriment of the Client;
 - (b) has interest in the result of a service provided to the Client or the result of a transaction executed in the name of the Client different from the Client's interest;

- (c) is motivated to give priority to the Client's interests over another Client's interests;
 - (d) is undertaking business in the same line of business as the Client.
- 2.3. For the purposes of transparency of conflict of interest identification, the Dealer keeps records of conflicts of interests in compliance with the requirements of legal regulations.

3. Conflict of Interest Management

- 3.1. In order to prevent or reduce the risk of conflict of interest occurrence, the Dealer has introduced the following measures:
- (a) organizational measures ensuring separation of persons processing the Client Order and persons arranging settlement of the Client Order;
 - (b) the "four eyes principle", when defined services and handling of the Client Assets may be performed only through cooperation of two persons;
 - (c) setting-up the remuneration system for the employees of the Dealer [and persons with whom the Dealer cooperates (e.g. tied agents)] so that there is no direct relationship between the amount of remuneration of an employee [a person with whom the Dealer cooperates] and the provision of particular services to the Client;
 - (d) introduction of rules for personal transactions of employees of the Dealer and persons with special relationship to the Dealer;
 - (e) implementation of the Execution Policy and specific procedures for Order pooling.
- 3.2. The Dealer ensures impartiality and independence of persons participating in the creation of investment opportunities analyses in particular on persons, whose interests may be in conflict with the interests of persons among whom the investment opportunities analysis is to be disseminated.

4. Procedure of Conflict of Interest Identification

- 4.1. If it is impossible for the Dealer to prevent a conflict of interest in a specific case, the Dealer notifies the Client to this fact, in particular discloses the nature or source of the potential conflict of interest to the Client.
- 4.2. The Dealer is obliged to provide the information pursuant to paragraph 4.1 to the Client prior to the provision of the relevant Investment Service.
- 4.3. The information pursuant to paragraph 4.1 will be provided through communication means specified in the Investment Services Terms and Conditions.

4.4. In cases when a conflict of interest between the Dealer and the Client cannot be avoided, the Dealer must always give priority to the Client's interests over its own interests. In case of a conflict of interest between the Clients, the Dealer must ensure fair treatment of such Clients.

5. General Information about Inducements and Their Admissibility

5.1. In connection with the provision of an Investment Service the Dealer may accept an Inducement from a third person or provide an Inducement to a third person.

5.2. The Dealer may provide or accept an Inducement only if:

- (a) the acceptance or provision of the Inducement is not contrary to the obligation of the Dealer to act in a qualified, honest and fair manner and in the best interest of the Client;
- (b) there is no danger of a conflict of interest arising as a consequence of the acceptance or provision of the Inducement (in a scope specified in this Conflict of Interest Policy); and
- (c) the acceptance or provision of the Inducement results in improved quality of the service provided to the Client.

5.3. Other admissible Inducements include those, which are necessary for the provision of the Investment Service, however, provided that their provision or acceptance is not contrary to the obligation of the Dealer to act with due professional care and in the best interest of the Client.

5.4. The Dealer provides to the Client specific information concerning an Inducement relating to an individual provided Investment Service and the relevant Investment Instrument, which is the object of the Investment Service, prior to commencement of the provision of such Investment Service. Such information includes namely data about the existence, nature and amount or value of the Inducement. Current information about specific Inducements is available at the website www.ppfbanka.cz.

5.5. Information about the amount or value of a specific Inducement pursuant to this paragraph can be substituted, in case that this amount or value cannot be determined in advance, by information about the manner of calculation of the amount or value of the specific Inducement (e.g. by expression in %, a formula or description of the manner of determination of the Inducement amount).

5.6. The Dealer is obliged to provide detailed information concerning Inducements relating to specific Investment Services and Investment Instruments, which is outside the scope of information pursuant to this paragraph (in particular paragraph 5.4), only upon the Client's request.