

## GENERAL NOTICE OF FINANCIAL SERVICE PROVIDER TO CLIENTS ABOUT THE PROCEDURE AND CONDITIONS OF THE CONVERSION OF THE CROATIAN KUNA INTO THE EURO

Raiffeisenbank Austria d.d. (hereinafter referred to as the Bank), a signatory to the Code of Ethics for the introduction of the euro as the official currency in the Republic of Croatia pursuant to Article 63(2) of the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia (OG 57/2022, 88/2022 hereinafter referred to as the Act) and Articles 2 and 3 of the Regulation on notifying clients of financial service providers about the introduction of the euro as the official currency in the Republic of Croatia (OG 90/2022; hereinafter referred to as the Regulation) hereby notifies clients about the procedure and terms of converting the Croatian kuna into the euro.

**On 1 January 2023, the euro will become the official currency in the Republic of Croatia.**

**Fixed conversion rate** has been published on the web site [www.euro.hr](http://www.euro.hr) and has been set in Council Regulation (EU) 2022/1208 of 12 July 2022 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Croatia, as confirmed by the Decision announcing the introduction of the euro as the official currency in the Republic of Croatia adopted by the Government of the Republic of Croatia at its session held on 21 July 2022 (OG 85/2022). The rate is set at

**1 euro = 7.53450 Croatian kuna**

**Fixed conversion rate** is an irrevocably fixed exchange rate of conversion between the euro and the kuna that has five decimal places. As of 5 September 2022, it has been used for dual price display, and as of 1 January 2023, it will be applied as the fixed exchange rate at which the kuna is replaced by the euro.

**General rules of recalculation and rounding of prices and other monetary values according to the Act:** Recalculation is performed by applying a full numerical amount of the fixed conversion rate and rounding the resulting amount, in accordance with the mathematical rules of rounding, to two decimal places, based on the third decimal.

When recalculating, the following mathematical rounding rule applies:

- If the third decimal place is less than five, the second decimal remains unchanged
- if the third decimal place is equal to or greater than five, the second decimal is increased by one.

**Example of recalculation and rounding when buying/selling shares:**

	EXAMPLE OF A PURCHASE	EXAMPLE OF A SALE
SHARE	Company 1	Company 2
QUANTITY	69	12
PRICE	180,50 HRK	598.00 HRK
	<b>23,96 EUR</b> (23,95646)	<b>79,37 EUR</b> (79,36823)
COMMISSION	250,00 HRK	250,00 HRK
	<b>33,18 EUR</b> (33,18070)	<b>33,18 EUR</b> (33,18070)
TRANSACTION VALUE	12.454,50 HRK	7.176,00 HRK
	<b>1.653,00 EUR</b> (1.652,99621)	<b>952,42 EUR</b> (952,41887)
AMOUNT TO BE CREDITED/DEBITED	12.704,50 HRK	6.926,00 HRK
	<b>1.686,18 EUR</b> (1.686,17691)	<b>919,24 EUR</b> (919,23817)

**General impact of conversion on client's rights and obligations from contractual relationship:**

The recalculation of prices and other monetary values will be performed free of charge, by applying the fixed conversion rate in accordance with the rules for conversion and rounding defined by the Act, and the process of introducing the euro affects neither the client's rights and obligations under the contractual relationship with the Bank, nor the validity of the existing legal instruments in which the kuna is referenced.

**General information about the period of dual price display and the obligations of the financial service provider to the client-consumer in accordance with Article 47 of the Act:**

Dual display of prices and other monetary values for consumers will be provided from 5 September 2022 until 31 December 2023 inclusive. Essential information with respect to dual display relate to prices and other monetary amounts when applicable with regard to an investment or ancillary service rendered, the value of which is expressed in kuna prior to 1 January 2023:

- fee tariffs
- amounts of the opening and closing balance in client's cash account
- monetary value of the closing balance in client's financial instruments account
- aggregated amount of *ex ante* and *ex post* on fees and charges provided to client as set forth in applicable regulations and
- amount of the closing balance in client's cash account on the main menu/screen of the digital channel through which the investment or ancillary service is provided.

Also, during this period, the Bank will apply dual display on the tariff of fees, price list of its services and the fixed conversion rate on its website and business premises.

**Sending individual notices to clients:**

The Bank will send individual notices about the conversion carried out from kuna to euro within 30 days from the euro introduction date (until 31 January 2023). An individual notice is provided to clients who, by the euro introduction date, had a financial product or service agreement in kuna, the value of which was expressed in kuna, or to clients whose assets or receivables were expressed in kuna, or clients who purchased a financial product or received a financial service in kuna prior to the introduction of the euro, and whose financial instruments and/or cash are kept with the Bank at the euro introduction date.

**Method and timing of recalculation of the market and nominal value of financial instruments the value of which is expressed in kuna until the euro introduction date:**

**General rules for the conversion of the nominal value of dematerialized debt securities and money market instruments:** The nominal amount of a debt security or money market instrument will not change upon the introduction of the euro.

As an exception to the foregoing, the following should be taken account of:

- (i) special recalculation rules in accordance with Article 64 of the Act applies to certain dematerialized debt securities issued by the Republic of Croatia and dematerialized money market instruments issued by the Ministry of Finance of the Republic of Croatia. The nominal amount and quantity of those debt securities and money market instruments will be recalculated free of charge by the Central Depository and Clearing Company on the euro introduction date;
- (ii) unless being contrary to the terms of the issuance in the prospectus, issuers other than that of the Republic of Croatia and the Ministry of Finance of the Republic of Croatia, may decide, within 18 months from the euro introduction date, that the nominal amount of a debt security or money market instrument is expressed in the euro instead of kuna, and may implement such decision in the manner prescribed by the Act.

**General rules for the conversion of share capital and the nominal value of dematerialized equity securities and other forms of stakes in share capital:** The market value of shares listed or traded at trading venues expressed in kuna will be converted by the market operator or operator/manager of the multilateral trading facility on the euro introduction date and expressed in euro, rounded to the nearest cent with the application of the fixed conversion rate and in accordance with the rules for recalculation and rounding under the Act.

Joint stock companies are obliged to recalculate the existing amount of share capital and its components attributable to shares by applying the fixed conversion rate from kuna to euro, rounding it to the nearest cent, in accordance with the rules for conversion and rounding referred to in the Act, and to submit an application to the registry court for registration of the change no later than one year from the euro introduction date. Upon registration of the change in the court register, public limited companies are obliged to apply for registration of the changes to the central securities depository without delay.

**Displaying the value of units in investment and pension funds:** The value of the unit of account of the mandatory pension fund, the price of the unit in the voluntary pension fund, the price of the unit in the UCITS fund and the price of the unit in the AIF determined in the kuna for the day preceding the euro introduction date, is expressed in the euro on the basis of the net asset value of the fund converted into the euro using the fixed conversion rate, and the amount obtained is rounded in accordance with the regulations governing the operations of those funds.

**Raiffeisenbank Austria d.d.**