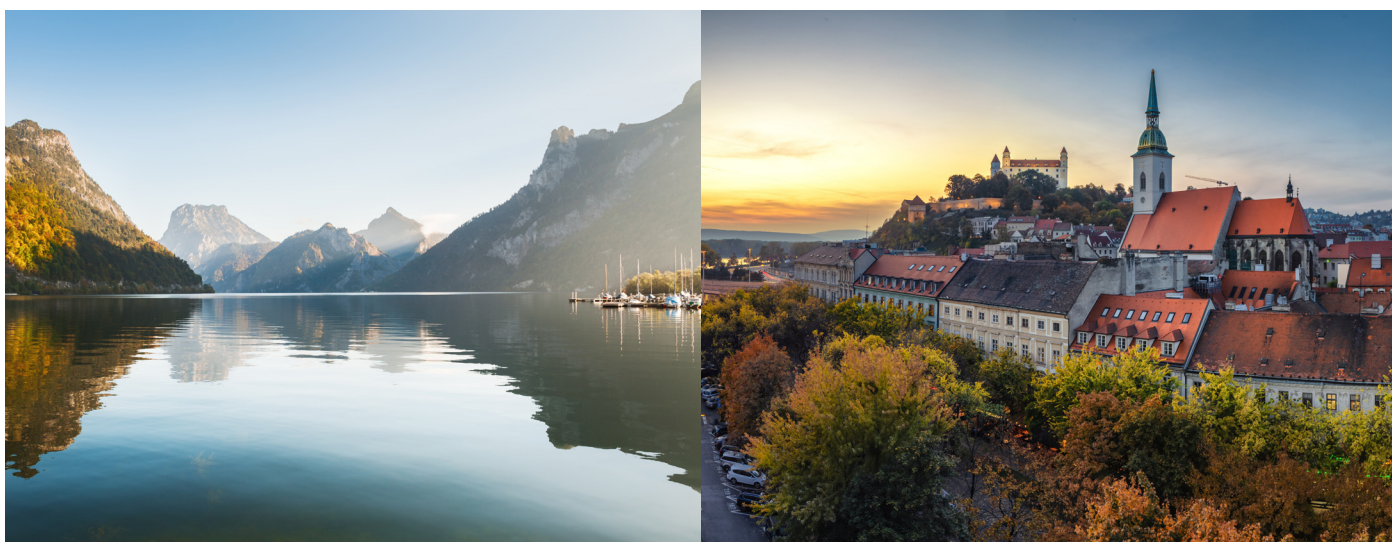


GPS Press

Group Prime Services

Autumn Edition 2023



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Unexpected shift eastwards

Never in the recent history of our continent has the attention level for Central and Eastern Europe been as high as today. "At once we were handed over a microphone", commented the Polish author Leszek Jażdżewski during a panel discussion at the European Forum in Alpbach this summer, highlighting the importance of their expertise in dealing with the ongoing attack on Ukraine.

We at RBI have always given this region the devotion we believe it deserves. At SIBOS we will showcase our newest solutions for investors into and from CEE, but also our brandnew organizational structure. Group Investor Services (GIS) became Group Prime Services (GPS), encompassing a wider coverage including prime brokerage. An interview with RBI Board Member Łukasz Januszewski on the following page delivers the background of this restructuring at group

level. Moreover, Christian Geberth, Head of GPS, and I sat down with GPS Press to look into the new set-up in more detail.

Our country focus this time is on Austria and its neighboring Slovakia. We are pleased to introduce the new CEO of one of our largest clients, Raiffeisen Capital Management, Hannes Cizek, who points out that a long-term commitment on sustainable investment makes sense also commercially. At Tatra Asset Management, Slovakia's undisputed pioneer in its segment, new types of products such as closed-end funds are meeting high demand, CEO Marek Prokopec explained to GPS Press.

We look forward to seeing you in Toronto soon!

Bettina Janoschek
Head of Prime Services Sales,
RM & Market Intelligence

A new set-up that brings everyone together

RBI's Corporate and Investment Banking (CIB) area is presenting itself in a new shape. In his interview with GPS Press, Łukasz Januszewski, the Board Member who was and will remain responsible for our GPS division, shares his view on the new structure and its implications for the everyday business.

Lukasz, at SIBOS in Toronto this September you will appear in a slightly different role than in Amsterdam a year ago. What has changed at Management Board level inside RBI?

We have taken important steps as to reshape and modernize the way we serve our clients. Understanding the relevance of evolving in parallel with their needs also as an organization, it was decided to set-up our so-called One Business Bank, which will report to two different Board Members. One of them being my area of responsibility, the CIB Products & Solutions, and the other one named CIB Customer Coverage steered by another Board Member that our Supervisory Board is currently recruiting.

In the meantime, I oversee both areas and therefore my meeting schedule at SIBOS is set to break all records. But seeing as many clients as possible is the ultimate goal of such an event, isn't it?

What in your opinion will improve the service quality through the new set-up?

Let me first give you an idea of what my Board area, CIB Products & Solution, strives to achieve. It looks at the responsibility from a client-agnostic standpoint, which allows for a strict adherence to state-of-the-art solutions. To this end, we have combined our experts within one team so that they can put all their focus on leveraging new technologies.

The CIB Customer Coverage, on the other hand, is responsible for taking the entire CIB product range to the market. The colleagues working in that area will be the immediate point of contact for our clients and deal with their daily demands. But whenever a deeper expertise regarding

products or solutions is requested, they will bring in a knowledgeable product expert.

So far my explications may contain nothing so groundbreaking, but a restructuring would not be RBI's thing without a healthy dose of innovative approach: The two Board divisions will share one business goal as well as their key performing indicators. We want the product experts not to disappear in silos as many big banks have painfully experienced in the past. Instead, we have them maintain client contact and keep a sense for the real issues our customers are facing. This way, we intend to nurture a cross-divisional perspective.

A bank has two main assets: its customers and its employees. I am convinced that the new set-up puts the customer even more into our focus. And I am also convinced that it brings a lot of opportunities to our employees. It will help us to retrain and to attract talents. We want to be the first address for corporate and institutional customers looking for a strong banking partner in CEE. And we want to be the employer of choice for talented people who want to work in corporate and investment banking.

Now that the reorganization is mostly finished, what are your prospects regarding this split-while-shared responsibility?

We have taken our guiding principle One Business Bank to the next level. Revisiting the CIB area's structure created a more harmonized operating model. I embrace this new way of looking at our business since it will improve consistency and efficiency in the corporate and



institutional customer segments. Ultimately, this will boost our overall productivity.

Since GPS will continue to be reporting to you, would you like to share our expectations towards GPS in front of our readers?

Very much so! GPS in its new shape has gained even more importance as a vital function of our Bank, which is why its advancing is of high relevance at Board level. Our clients appreciate this commitment from the top, which clearly sets us apart from the competition.

As we already discussed in earlier issues of this publication, GPS and its predecessor GIS made enormous leaps

Welcome to GPS

forward in capturing the clients' demands and mirroring them in their own workflow. The successful implementation of the end-to-end set-up last year was one of these important progressions.

Well and now we were ready for an even bolder measure and put everything that had to do with the securities business into one stringent business line. The new distribution at Board level allowed us to pool the full value chain - from execution to clearing, settlement, asset servicing and also fund administration - under one roof called Group Prime Services.

I have high expectations when I see how all those hand-picked experts with an incredible amount of experience and market knowledge are starting to pull on one string. Thanks to their high spirit, the reorganization, which affected various legal entities and required deep-rooted administrative shifts, was a walk in the park.

How will you illustrate the client benefit of Group Prime Services at SIBOS?

It will be a delight to come up with this well thought out structure, which is a truly integrated broker-to-custody offering for all asset classes. Now our clients will have to deal with only one consolidated team instead of dedicated staff depending on the product as in the past. They will also experience the advantages of the bundling by way of increased automatization, which in turn will be a cost advantage.

With that said, I look forward to interesting talks with our clients at this important industry event in Toronto. It is a unique platform, which is designed to foster strategic partnerships. From my experience I may say that nothing is more rewarding than having a shiny new product to show around at such an occasion! The representatives of GPS that will join me there will help me give this new product the attention it deserves.



Prime example

The new structure of the Corporate and Investment Banking Business (CIB) at Raiffeisen Bank International heralded the newly created Group Prime Service (GPS). The division combines the former Group Investor Services (GIS), the brokerage trading desk as well as the operations and IT teams dedicated to this business line. GPS Press discussed the details with the Head of GPS, Christian Geberth, and Bettina Janoschek, Head of GPS Sales, Relationship Management & Market Intelligence

Christian, you are heading a new division which encompasses more activities than GIS before. What does your field of responsibility look like now?

RBI's new One Business Bank approach covering all Corporate & Investment banking products & solutions under one roof prompted us to align the shape of our business area too. As a result, a new division was created that covers the full value chain, including brokerage, custody services and fund administration. In essence, we are now in charge of the whole life cycle of an asset class ranging from order management all the way to custody and related services.

In this new appearance we can offer the full package, addressing institutional, corporate or, ultimately, retail clients. Whoever buys a share, bond or fund certificate or even a exchange listed derivative will cross our bridge, as we will be routing their order to the stock exchange and consequently take care of the clearing, settlement and safekeeping of the security including all dividend payments, corporate actions and other services such as tax services.

What has been added to the former GIS division?

While we were managing many asset classes already in the past, now all asset classes have been bundled. Our new additions are exchange-listed securities and exchange-traded derivatives. In effect, twelve people, mainly traders, have moved from the Capital Markets area to our floor, where they form the newly introduced electronic sales-trading desk headed by Günter Enghart.

Moreover, we opted for an end-to-end approach, which is why we also took operations and IT-related tasks into our scope. Together we constitute the new Group Prime Services division, which went live on 1 September.

Bettina, what do you expect from this new set-up?

If we look at it from a client's perspective, we now have a fully integrated solution offered out of one team. They enjoy a true one-stop shop throughout the entire cycle of a transaction and along the period their security finds itself in their RBI securities account.

That implies a genuine broker-to-custody solution, which comes with the benefit of a risk-optimized access to all asset classes.



So, if a client executes a transaction via Günter's team, they can expect contractual settlement.

In addition to that, the transaction will be very cost-efficient because we can proceed it under one roof.

In which way does it affect your East-to-West and West-to-East concept?

It goes without saying that we will continue pursuing our successful strategy that looks both ways, but now things will become even more convenient since we put the execution layer on top. This way, both the large international clients using our direct access to the local markets of CEE as well as clients residing in our home markets Austria and CEE using our gateway for investments on global markets will be able to take advantage thereof.

Are you now offering execution for those markets that RBI entertains direct links with?

Yes, our execution desk too has established direct access to wherever we have memberships in stock exchanges in CEE countries. This way we can process the orders at an unprecedented efficiency level.

Christian, will clients benefit from an improvement in know-how and competence?

I am convinced that bringing us together will have a positive impact on existing processes and systems. So far, competence was split across departments and reporting lines, which limited our growth potential. In fact, combining responsibilities, also by moving together to the same floor of our building at the headquarters of RBI, was a major point of our reorganization and I expect the outcome to be fruitful for all parties.

Bettina, what does your new product offer look like?

What we have created at GPS is nothing short of a new service bundle. We did not have any comparable proposition in the past, mainly because the tasks were divided between two different legal entities. Considering the brokerage team that is now becoming part of the new GPS division was at Raiffeisen Centrobank, a subsidiary of RBI, natural boundaries were inflicted on us.

By the way, our GIG platform fits into all of this seamlessly. Orders can still be accepted via GIG, which continues to be an important part of our digital journey.

Christian, what will be the first visible activities of GPS?

I would like to point out that our launch at the beginning of September went perfectly well, without any technical problems whatsoever.

But we are already thinking further, discussing adding digital features as well as mid- and back-office processes. We need to have efficient front-to-back processes including state-of-the-art digital client facing features. Also, modern, API compatible mid and back end tools and a slim and up-to-date IT architecture are a must have for banking products like GPS is offering.

Right now we are drawing our road map that will guide the new team's activity over the following two years. The design of the new product and service bundle as well as its additional features and further improvements, but also the necessary internal adjustments regarding processes and systems, are currently being worked out.

As far as the network banks are concerned, we already have GPS concepts in place in Romania and Slovakia. In other countries we will examine further extensions wherever feasible.

In any case, we will be offering this product bundle out of the RBI Group Competence Center in Austria and thus service our clients in the various locations.



Austria: Ice cream anybody?

Essential goods, which ice cream represents for many, have experienced a steep price curve and have added to western Europe's highest inflation rate. In response, the Austrian government has started interfering in the market and questioning the validity of some embosomed traditions of the welfare state.

Those who fancy some cooling delight also have to swallow a good price tag in the Alpine republic. According to a survey conducted by the European statistic authority Eurostat, ice cream per kilogram was nowhere in the EU more expensive in 2022.

This chilly news that hit in the dead of summer fits into the overall perception of Austria championing the inflation rankings. As a matter of fact, August inflation came in at 7.5% above the level of 12 months ago, which is significantly lower than the 11.2% registered at the beginning of the year. A further retreat is expected in autumn.

Due to a lack in demand the Austrian economy shrunk in the second quarter, and the third one seems not to come in much rosier. The sectors with the least advances were the services sector, construction and goods manufacturing.

Housing dreams melting away

The housing market, in particular, has come under pressure from various sides. Not only have interest rates on mortgages risen, while Austrian real estate prices for

private homes go through the roof, but a ruling on housing loans imposed by the financial market authority (FMA) one year ago added another setback. It stipulates that private loans require at least 20% equity, and its monthly installments must not exceed 40% of the household income.

Against the backdrop of inflation weighing heavily on disposable incomes, the market conditions dash the dreams of many potential home-owners. Countless housing projects have thus come to a halt altogether.

For those who are renting their homes, on the other hand, a newly introduced cap shall provide relief. The monthly rent in regulated contract situations, which is the vast majority, may only raise once a year, and by 5% maximum until 2026. Afterwards, a three-year inflation average will become the basis for rental hikes. In addition to that, public fees such as for water or waste collection were frozen.

Wages under scrutiny

In an effort to mitigate the efforts of price increases on individuals, quite substantial

wage increases for 2023 were negotiated and pension payments got an above-average boost. Households received subsidies to help them cope with the high energy prices. However, when inflation will eventually calm down in the second half of 2023, these measures will lead to a significant increase in real wages.

The next round of the annual collective contract negotiations held between three representatives (Sozialpartner, in this case the trade union, the Chamber of Commerce and the Chamber of Labor) is set to start on 25 September, and it is traditionally the metal and mining sector that initiates the talks. Since 98% of all Austrian employees are subject to such collective contracts, these negotiations have a severe impact on the local economy.

Considering the salaries have been de-facto pegged to inflation since decades, a new research piece published by the Austrian National Bank (OeNB) suggests rethinking the wage-setting procedure against the current backdrop of imported price shocks, mainly in the field of energy, and aligning it with producers' prices. In

this context, the OeNB experts warn of over-compensation, which might heat up inflation even further and negatively influence the overall competitiveness.

In any event, the so-called Herbstlohnrunde, the upcoming wage negotiations cycle, promises to be grappling.

Pension claims

For the first time within living memory the government seems to resist the influential pension lobby and lift the payments only within the corridor prescribed by law. That means a pension hike by "only" 9.7% for 2024, bearing in mind that inflation is about to retreat and that the hardships of the past few years as regards energy cost and general price increases were cushioned by public subsidies for households.

This limitation can be viewed as a shift in paradigm in Austrian politics. For the first time, the bold demands of the elderly, who constitute an important part of the electorate of the large parties, meet resistance with the policy makers.

Political pressure on banks

The Austrian banking sector has long not enjoyed as much attention as this past summer.

It started on the day after Italy announced to introduce a special tax on banks' excess profits. Austrian lobby groups jumped on this train, calling for a similar taxation. Other European countries that have imposed such a special tax are Hungary, Spain, Czechia and Lithuania. Interestingly, one month later it was not the banks but the Austrian energy sector on which a tax on this type of windfall profits was imposed.

Nevertheless, the policies of the financial industry remained in the news. An association for consumer protection filed a lawsuit against the Austrian banking sector, claiming that there was an imbalance between interest rates for overdrafts on current accounts and the yield on deposits. This case is backed by two ministers representing both parties in the government coalition.

Soon after, new public bashing set in, this time in respect to mortgage loans with variable interest rates. With interest rate levels surging, some mortgage holders have run into trouble. In response to their public outcry, the sector announced to come up with individual solutions in serious cases.

The CO₂ miracle

Had we heard the news on 1 April instead of mid-August, we would have taken it with a grain of salt. But in all seriousness, the Minister for Climate Action and Environment announced that the country's emissions, calculated in CO₂ equivalents, had retreated by 6.4% to 72,6 mn tons in 2022. This marks the lowest level since the beginning of the statistics in 1990 and is particularly valuable since the savings are related to all sectors including agriculture.

While external factors such as the frightfully expensive prices for oil and gas and a mild winter favored the climate fever curve, experts do believe that the advances towards sustainable energy production, the increased deployment of electric cars and a shift in consumers' mindset serve as a basis for this trend to continue.

Nevertheless, it will take additional measures to achieve the EU's official climate plan for reduce emissions by 2030. And it will be necessary to start explaining to the population what it really takes to get there.

Eva Gatterwe

GPS Market Intelligence



Investment strategy in exquisite detail

Raiffeisen Capital Management, a subsidiary of RBI, holds a leading position in the Austrian & CEE asset management market and has played a pioneering role in the field of sustainable investments for a decade already. GPS Press met with the new CEO, Hannes Cizek, and Kurt Schappelwein, Head of Multi Asset Strategies und Deputy-CIO, for a talk about recent market developments.

Hannes, congratulations on your appointment as CEO! How would you summarize your first six months at the helm of RCM?

It was a very exciting beginning, since I switched from the banking side, where I was in charge of Group Strategy, to asset management. These businesses are very different, indeed, and they show other dynamics.

Naturally, the first six months were also very busy since on the management board I am responsible for two client groups, namely Institutional business as well as Retail Austria. At the same time, I oversee the Corporate center functions such as finance, risk management and audit. But also from a content perspective this is a broad and interesting role, which I appreciate a lot.

I was pleased to register how the whole organization is extremely geared towards clients and products. Moreover, coming from RBI with some 3,000 staff only in Vienna, I must confess that it is a lot easier to discuss and solve issues in an environment that is only one tenth this size.

How do you assess the client offer of RCM?

Our product range is something to be proud of. The strong focus on ESG that our company adopted almost a decade ago and has been consequently strengthened since then was a wise choice. Up until now, when we win mandates in Germany, Italy or Austria, this sustainability path serves as an important differentiating factor.



Active fund management has gained in importance over the last twelve months or more. Can you explain us the background?

As a matter of fact, a fund based on ESG targets cannot be managed without expert know-how. Most passive products follow a certain index, which prevents any opportunity to exclude potential non-ESG compliant securities. They can only take certain data such as KPI into account, which is not comparable with how we perform our investment process. We examine every security case by case before we agree to add it, and this in-depth view positively influences the outcome.

The strength of active management is to identify the truly ESG compliant companies within a huge self-proclaimed sustainable investment universe. Being responsible for sales, I can observe on a daily basis how important this matter is to our clients.



How big is the Austrian asset management market? And RCM's market position?

As per July 2023 EUR 200 bn were invested in investment funds in Austria. Not only are we a market leader in the mutual fund business, but we also manage the most important and biggest mutual fund in Austria, the Raiffeisen-Nachhaltigkeit-Mix. Moreover, we dominate the domestic market for sustainable products.

Our strategy is to act as a captive asset manager for the Raiffeisen banking group at all levels. Our funds are offered to Raiffeisen clients in any segment, from mass retail to premium banking. Thanks to this immediate proximity to our clients, we are able to create new products regularly that meet their demands. And when I look at the development of our top ten funds, I can confirm that they are very successful!

What is the role of RCM when it comes to the network banks?

We are the competence center for RBI group, and in Group Asset Management we have a strong steering and governance component for the local units. For example, we take part in management and hiring decisions regarding key personnel or in product development. Risk management services have been added this year.

The fund management side in the countries mostly specializes in fixed income and local currency products. The majority of the other products operate in a master-feeder structure, which means that there are local feeder funds with local ISIN numbers which are managed as a master fund in RCM. All in all, our cooperation is deep and beneficial.

RCM is an important user of our Group Prime Services product. How have you experienced the collaboration so far?

It is excellent! When we pitch for mandates, it is a big advantage to have GPS representatives by our side. Our clients appreciate it a lot when we go together.

On the custody business side we see and hear each other on a daily base, giving this cooperation added value. It is exactly the strength of our shareholder structure that makes us so different from non-captive asset managers.

May we ask you what your wishes are regarding regulation and legislation for your business line?

Most of our concerns have to do with the definition of ESG investment in Austria. The regulations do not prescribe in the necessary detail what a sustainable investment product actually should look like. We need a few more clarifications as to what is expected from asset managers in this respect.

Moreover, we advocate for incentives for private investors, considering that the investment culture is underdeveloped in Austria. Among other, we have in mind a tax privilege for retirement savings. There were initiatives in the past but none of them turned out to be successful. We would need a new approach to this topic.

Kurt, as a veteran in fund management, do you have any concerns regarding the overall investment environment?

Well, we face a certain amount of headwind, which relates to the fact that interest rates have significantly increased and put investment products which were not attractive a few years ago back in the limelight.

Despite this new competition, we at RCM are determined to maintain the idea of sustainability, which we have been successful with so far. And the performance proves us right.

Interestingly, we experience fixed income staging a big comeback. While this field went through a relatively dire time since the euro crisis and investors left it behind, people have started to realize that we offer attractive returns in our dedicated mutual funds. This results in new fixed income mandates from the institutional side, but even the retail clients have started to look in this direction.

Hannes, what are your strategic priorities for RCM over the next few years?

Our number one goal, and this is probably no surprise, is digital transformation. This ranges from solutions for end-clients and advisors all the way to internal processes. Secondly, we want to revisit our product universe to define our stance towards passive products for retail clients and examine alternative investment products for institutional clients. The third priority is the operating model, in particular the depth of cooperation with the asset management units within our banking group.



Slovakia: At a crossroads once again

The upcoming parliamentary elections may decide Slovakia's future direction for a long period ahead. GPS Press delivers an overview.

The elections on 30 September should put an end to the era of chaos during which Slovak politicians have competed for being the bigger populist. Laws and legislation were being passed without any discussion or documentary background – sometimes seemingly by gut feeling and trial and error. With inflation currently at levels unprecedented in recent times, every politician wanted to be Mr Nice Guy and “help people” by tossing around money from the state budget.

This literal misery was ended only by President Čaputová, who, after dismissing the government of Prime Minister Heger, appointed the first caretaker government in Slovakia on 15 May. It is a government of experts who are not political appointees and therefore have no direct obligations vis-à-vis politicians and their voters. The powers of the caretaker government are limited, with some claiming that their role is only to keep the lights on, but their independence is their main advantage. Members of the caretaker government led by Prime Minister Ódor, who is the former deputy governor of the National Bank of Slovakia, are preparing a number

of consolidatory recovery measures for the Slovak economy, still weakened by the pandemic, performing what politicians otherwise would not have dared do. But as to how and whether they will be implemented at all will depend on the government that emerges from the September elections.

Fight for the prerogative of interpretation

Slovakia has coped relatively well with its energy dependence on fossil fuel imports from Russia, but it has proved unable to tackle the wave of Russian conspiracies and narratives through which the pro-Kremlin media are seeking to reach mainly less educated Slovaks. Pro-Russian political parties that would prefer to immediately end any Slovak aid to Ukraine are gaining strength. The elections will therefore also decide whether Slovakia will remain pro-Western and pro-European, or whether it will follow the Hungarian Orbán path.

Bonds firework

The high state budget deficits, which we have somehow become accustomed to in Slovakia over recent years are reflected

also in the issuance of new government bonds. Over the last two years, the volume of issued Slovak government bonds has increased from EUR 49 bn to 60 bn (or by 24%), with corporate bonds not lagging far behind. In total the Central Securities Depository recorded as at the end of July bonds issued in the total volume of EUR 81 bn and shares in a nominal value of EUR 37 bn.

Evidently, Slovakia is a bond market and therefore any legislative changes regarding bonds are perceived very sensitively. For that reason, the change in the taxation of corporate bonds effective from 1 January was a shock to the market. The amendment was adopted literally overnight without any discussion whatsoever with issuers or custodians, resulting once again in legislative chaos so typical of the period, with foreign bond investors held hostage. They suddenly became subject to a 35% withholding tax on corporate bonds, instead of the previous zero tax obligation. But as the saying goes, every cloud has a silver lining. The situation forced domestic issuers and custodians to cooperate more closely, resulting

At a Glance

in a concerted market pressure on Parliament, which eventually repealed the nonsensical taxation of foreign investors on corporate bonds, again in a matter of days in mid-April.

CSD standards

Nevertheless, a working group of issuers and custodians is continuing its work and is currently assisting the Central Securities Depository in implementing the SCoRE standards, which, according to the current timetable, the Central Securities Depository is required to comply with from April 2024. In addition, the Central Securities Depository is also busy introducing partial settlement. The Central Securities Depository would like to provisionally launch this functionality from March 2024. Nevertheless, its real applicability in practice in Slovakia

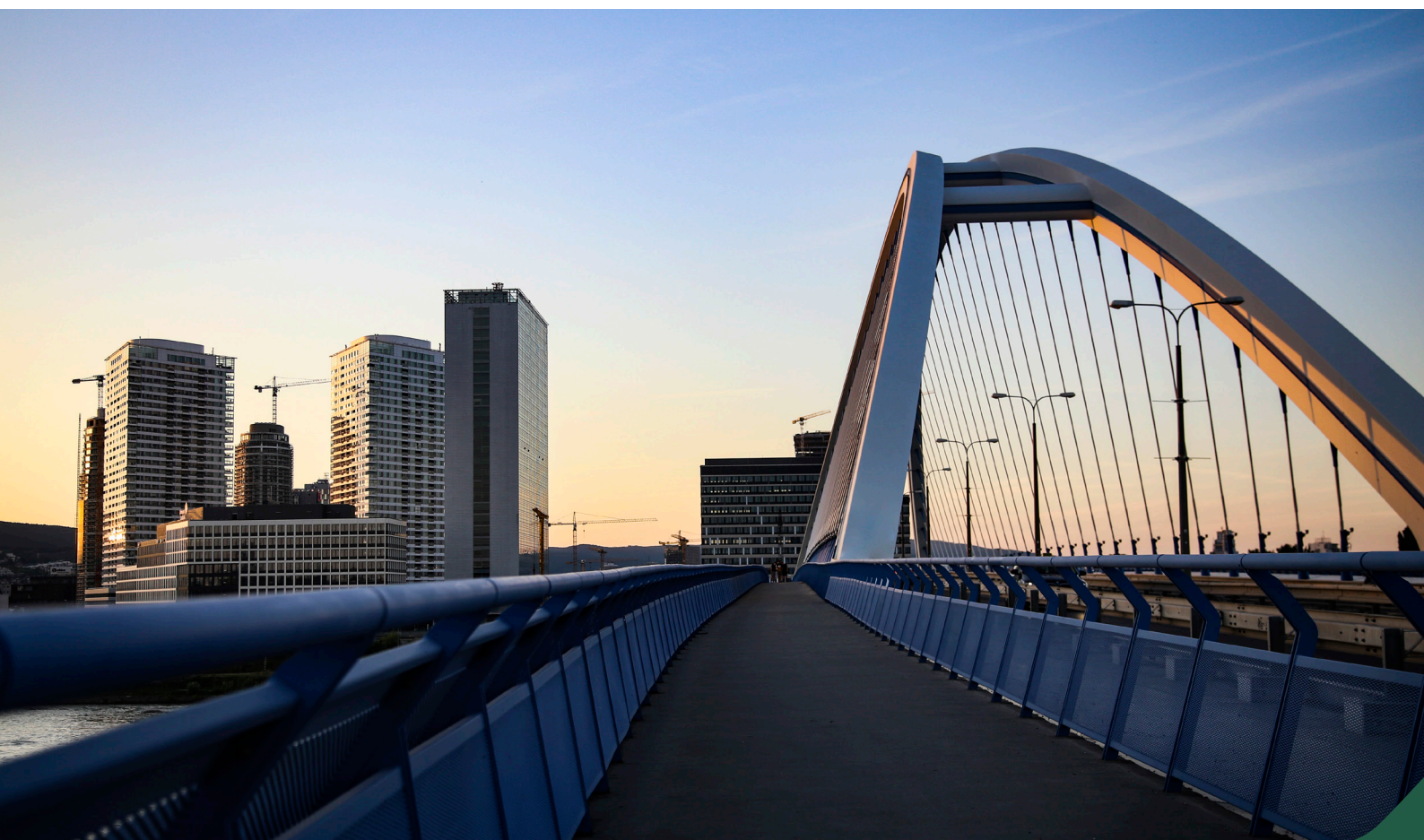
remains questionable, similarly to other "EU progressive actions". For instance, SRD II and shareholder identification have not actually been used once by Slovak issuers since its implementation. The same destiny may well await partial settlement, considering a number of Central Securities Depository participants have already declared that they will not provide this service to their clients.

Not all Slovak market infrastructure has been harmed by the implementation of EU legislation. The Bratislava Stock Exchange (BSSE) certainly appreciates the obligations arising from the MiFID II Directive. Corporate bond issuers and their related dealers, who want to avoid direct information obligations in particular, deliberately accept their

bonds on the BSSE and execute direct transactions between their clients or directly against their portfolio through the BSSE as anonymous transactions. They pay listing and trading fees to the BSSE, thus keeping alive an institution that would have long since ceased to exist under normal circumstances.

Peter Uhrin

Head of GPS Slovakia



The pace-maker in asset management

Tatra is the name of a picturesque part of the Carpathian Mountains, but also of the first private bank in Slovakia, which forms part of RBI group, as well as of the country's leading asset management company. GPS Press wanted to find out what the domestic market looks like talking with Marek Prokopec, CEO of Tatra Asset Management (TAM).

Mr. Prokopec, Tatra Asset Management has been the market leader in the asset management industry in Slovakia for 25 years already. Can you describe the ingredients of this story?

The history of TAM is identical to the history of collective investment in Slovakia. Over the past 25 years, we have been on an incredibly interesting journey, and I am very glad that Tatra banka realized early on the attractiveness of this business and became the first bank to establish a fund management company in Slovakia.

Our product range is differentiated according to segments, meaning that we offer specialized products for individual segments, such as private banking, premium banking, and mass retail. We are as close as possible to the distribution channels of Tatra banka to fulfill their clients' requirements, which is reflected in the specifics of the mutual funds design.

The asset management business is of cyclical nature because financial markets are cyclical. Our investment philosophy combines active management with a market approach to various extents in specific product lines to deliver more resilient investment results.

What are the benefits of investing through mutual funds issued by TAM?

The major benefit is diversification. Mutual funds allow you to invest in a variety of assets, such as stocks, bonds, alternatives, and money market instruments. This helps to reduce your risk by spreading your money across different asset classes. They offer a convenient way to invest because investors can easily buy and sell funds. Moreover, they

are obliged to disclose their holdings and performance on a regular basis.

Mutual funds are managed by professional fund managers who have the expertise and experience to select and manage investments. We at TAM are proud to have a senior team of investment experts with many years of experience in investment management industry. This can be a major advantage for investors who do not have the time or knowledge to manage their own investments.

TAM mostly manages open-ended mutual funds, but now you have issued the first closed-end fund. What was the rationale behind?

I will start with a broader explanation: both in the Netherlands and the United States, were closed-end products. Consequently, clients who wished to cash in their investments could only do so by selling to other shareholders. That placed them at the marketplace's mercy. If their funds traded for less than the value of their assets, which often occurred, they were forced either to accept the discount or to postpone the trade. All that changed with the creation of open-end funds, which require the fund manager to redeem units at their par values. Mutual fund investing was thereby simplified.

Our investors expect simplicity and comprehensibility from investing in mutual funds, all of which is represented in open-end funds. On the other hand, closed-end funds are very useful tools of investing into less liquid assets with longer investment horizons. With that in mind, last year we opened for Tatra banka's private banking clients the first-ever closed-end fund in Slovakia, which invests in real estate.



When you guide clients through their investment journey, what is the best pieces of advice for non-professional investors?

Number one: start early. The earlier you begin investing, the more time your money can grow. Even if a client can only invest a small amount each month, it will add up over time.

Number two: invest with a long-term horizon. Financial markets are volatile in the short term, but they have historically trended upwards over longer periods.

Number three: diversify investments to reduce the risk.

Number four: stay disciplined and avoid panic sales. Successfully managing two main investment emotions (greed and fear) is the single most important success factor of any investor.

Our vision is that all Tatra banka clients will start periodic investment or a saving

Talking Point

plan for our mutual funds, because this is by far the best way for inexperienced investors how to successfully invest.

AI is rapidly transforming the financial services industry, and mutual funds are no exception.

Artificial intelligence can be used to collect and analyze vast amounts of data about individual investors, such as their financial goals, risk tolerance, and investment experience. This data can be used to generate personalized investment advice that is tailored to each investor's unique needs. Another highly promising area is risk management. AI tools can be useful when it comes to identification and management of risks in mutual funds. This can help to protect investors from losses.

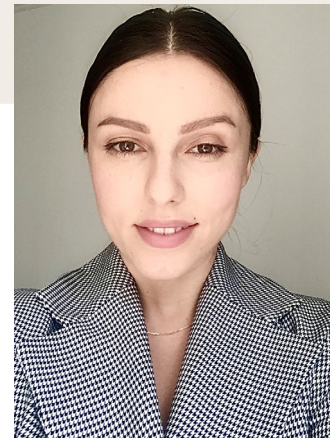
Moreover, AI can be used to optimize the portfolios of mutual funds, to maximize return to risk goals. We have already incorporated one equity market timing machine-learning strategy in our funds and we are definitely going to continue to research this field in the future even deeper.

During its existence, TAM has won more than 50 awards. Which one do you value most?

An award is always welcome. I am proud of each of them. It is the result of the efforts of many people, not just at TAM, but also at Tatra banka. As part of the Europe Banking Awards 2022, we won our last award "Best Asset Manager in Slovakia" from the prestigious international magazine EMEA Finance. It was already

our 6th triumph in this category, and we once again confirmed our position of the leader on the Slovak collective investment market.





Countering the sanctions

Recent changes to the Russian legislation regarding investments in and from Russia further diminish the action scope of international investors.

De-frosting of blocked Russian assets

Russian authorities continue working on plans of rescuing Russian assets frozen in a global foreign infrastructure shortly after the development of events between Russia and Ukraine at the end of February 2022. Initial undertakings of the last year, such as automatic and forced conversion of depositary receipts for securities of the Russian issuers, as well as forced transfer of accounting of rights for the Russian securities to domestic custodians (as reported on in our previous GIS Press issue), brought some results of recovering up to RUB 3 trn of Russian investors (according to a May statement from Elvira Nabiullina, Head of the Bank of Russia). Yet most of the assets remain blocked and require further measures of support towards Russian investors.

In August, the Russian Government and the Bank of Russia presented a draft decree on implementing an earlier discussed scheme designed to allow Russian investors to get rid of foreign securities frozen since last year due to sanctions, in exchange for funds of foreign investors blocked on accounts of type C. The initial plan is to unblock frozen assets of Russian and foreign retail investors at an amount of about RUB 100 bn. Pools of Russian holders of foreign securities may be formed so that they could exercise their will to sell securities. However, this mechanism seems not so easy to implement. Even when put into effect, most likely it would depend on the willingness and decisions of foreign regulators.

Another solution relates to Russian Eurobond issuers facing obligations to the holders of securities. Russian legal entities having Eurobond-related obligations are obliged to ensure the fulfilment of their duties by way of placing before 1 January 2024 replacement domestic bonds that are paid for at the time of their placement by Eurobonds or by funds targeted specifically to purchase the Eurobonds. It is assumed that Russian Eurobond issuers will be able to issue replacement bonds an unlimited number of times, provided the volume of such issue corresponds with the volume of Eurobonds for which obligations have not been fulfilled.

According to some Russian analysts, these changes in legislation shall have a positive effect on the development of the market of replacement bonds, which exceeded USD 14 bn in less than a year, and is projected to grow by another 50%.

Suspension of tax treaties with 'unfriendly' countries

The market events had an effect on bilateral tax agreements between Russia and 'unfriendly' countries. In view of the need to take urgent measures in connection with "unfriendly" actions of a number of foreign states against Russia, its citizens and legal entities, a presidential decree suspends a number of provisions of tax treaties with the United States of America, European Union countries and others – 38 in total.

This action includes those on certain types of income payments, including dividends, interest and other. Subsequently, different tax rates as defined by the Tax Code of Russia will apply, i.e., 15% on dividends, 20% on other types of income, withheld at source in Russia. Residents of Russia, both legal entities and individuals, shall be entitled to offset tax amounts paid abroad, against income/personal income tax due in Russia, provided all conditions of the Tax Code and respective double tax treaty are met.

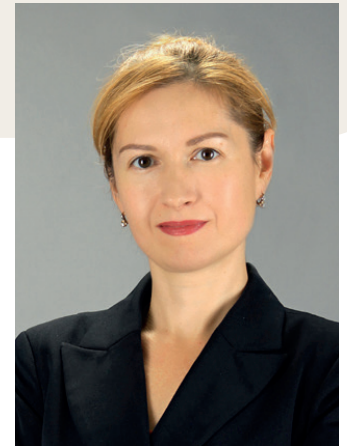
Removal of unfriendly foreign holding companies

As a response to foreign obstacles created for Russian beneficiaries in Russian economically significant organizations controlled by 'unfriendly' foreign holding companies, a new law focuses on economically significant organizations (ESO), whose parent foreign holding company (FHC) is connected with an "unfriendly state" and has a sizable, but not necessarily controlling, Russian shareholding. The purpose is to transfer the Russian persons' indirect shareholding in, and corporate control over, an ESO, to Russia. Thus, the exercise of corporate rights by the FHC are suspended. Actions or failure to act are considered to create constraints to corporate governance and business operations of the ESO, and may lead to termination or suspension of the activities, liquidation, or insolvency of the ESO.

The list of ESOs is yet to be confirmed in accordance with the Russian Government decree. Generally speaking, the introduced mechanism can be used in cases when alternative ways of removing a foreign element in corporate governance of ESO, e.g. by re-domiciliation, or by declaration of a foreign controlled company status, do not work due to any given reason. However, the expert community sees a number of gaps in the law, which needs to be carefully analyzed.

Ekaterina Goloviznina

Network Manager,
GPS Russia



Open Banking - against all odds

The Ukrainian Parliament approved the new Law on Payment Services, aimed at modernizing and further developing the Ukrainian payment services market, already before war broke out. Despite all hardship, important progress is being made.

Moving forward in the direction specified by the Law proved difficult for both the regulator and banks, as the war significantly disrupted the systematic preparations for the introduction of the necessary deep-rooted legislative changes.

Nevertheless, in August, the National Bank of Ukraine (NBU) introduced the Open Banking concept, developed jointly with the market. Being one of the corner pillars of the new Law, open banking shall become rule-changing for the Ukrainian banking industry, as it will stimulate the development of financial technologies in Ukraine, as fintech companies will be able to establish mutually beneficial cooperation with banks and obtain additional business opportunities. All financial market players will have to join the open banking ecosystem from August 2025.

The document sets the principles of Open Banking in Ukraine, describes the ways of realization, key technical and security requirements for the involved parties, and a road map with tasks to be accomplished over a two-year period. There are also models of commercial APIs, basic data exchange scenarios (information flows), and specific examples API-based products and services already used in other markets.

According to the NBU, the main points of Open Banking in Ukraine are:

- Open banking plays a key role in the future of the financial market. It is about building a new ecosystem based on an application programming interface (API) designed to develop payment products and services that are more diverse and attractive to customers;
- Its essence is that banks and other account maintenance payment service providers must open their APIs to non-financial payment service providers with the ability to connect to their service interfaces to access information on the user's account and initiate payment transactions. Interaction between participants in open banking should be based on the principles of mutual benefit, non-discrimination, and consideration of the interests of all parties in order to meet the needs of users;
- In Open Banking, only the user (individual or legal entity) decides who should have access to his or her account and the specific amount of information on the account. Users will be able to use their account funds more efficiently, using information on the movement of funds and their balance in their accounts

opened with different financial institutions consolidated in one payment application;

- In the new open banking ecosystem, everyone plays a role in ensuring that rules and principles of interaction and data exchange are created that are understandable and acceptable to banks, financial and non-financial payment service providers, and technology operators;
- Unlike traditional banking services, it relies on a technological network of banks and other non-financial payment service providers, which allows them to effectively exchange information with the prior consent of the user;
- Given that most market solutions are developed on the basis of an open API structure, Open Banking will transform the payment market, stimulate the development of fintechs, create new opportunities for the development and scaling of the ecosystem, and increase competition among payment market participants. At the same time, the regulator will ensure a high level of user rights protection and data security;
- The NBU will define the basic principles of open banking and the directions of its further development in line with the market's urgent needs, as well as ensure the regulatory and legal regulation of open banking and supervision over payment service providers' compliance with its requirements. Technical specifications will be approved by the regulator based on joint developments with market participants.

Ukrainians have already had the opportunity to appreciate the convenience of the Bank ID, which helps to access their digital documents in Diia, request various certificates, obtain other electronic services from the government. For them, open banking will provide even more opportunity to enjoy seamless and inclusive banking experiences. And the financial industry is anticipating a lot of hard work in development and standardization of open APIs, adaptation of internal processes, formation of best practices – all while navigating the evolving financial landscape.

Bohdana Yefremova
Head of GIS Ukraine

An experienced newcomer

Günther Neuhauser, the future Prime Services Sales Manager, provides an in sight into his profession.

Where did you start your professional career?

I started my professional journey 28 years ago at a small, local bank near my hometown. This opportunity allowed me to gain invaluable insights into various aspects of the banking business, from emptying piggy banks and organizing various events to handling loans and investment possibilities. Casual conversations with customers who would just drop by for a chat were also part of my job routine. Listening to customer needs is crucial because that makes it personal. This was also one of the main learnings from these early years. The multifaceted nature of this job piqued my interest, leading me to pursue a degree in banking and finance.

For the past 19 years, I have been a proud employee at RBI. In my most recent role as a product manager, I focused on enhancing and refining our depository bank services. I am excited to leverage my knowledge and experience to provide our clients with the highest level of service possible in my new challenging role in GPS.

What do you like about your job at RBI?

At RBI, one of the best things about my job is working with an amazing group of colleagues who are enthusiastic, customer driven, and focused on delivering the best services to our customers. In all the years I experienced a friendly atmosphere that encourages everyone to share their ideas, take the lead in bringing them to life, and take pride in the outcome.

Which challenges ahead do you see for Group Prime Services?

In the last few years, we have faced some major challenges hit the banking industry and beyond, like the COVID pandemic and the war in Ukraine. These unexpected

ed events have affected everyone's personal and professional lives, and we have had to adapt quickly to keep up with the changes.

I will be joining GPS as of beginning of October. I am excited and full of enthusiasm of being part of this amazing team.

How do you spend your spare time?

I have recently dusted off my rackets and jumped back into the exciting world of tennis. Back in the day, I used to play almost daily, participating in tournaments and team championships. We may not have been the dream team, but we had a lot of fun together!

About 15 years ago, like many other retired tennis players, I also took up golf, which has been a challenging journey teaching me how to stay calm and focused while chasing a tiny ball across a vast green expanse. (One can lose many balls and nobody knows where they end up – similar to the one sock phenomenon).

Furthermore, I consider myself a real foodie. I delight in experimenting with new recipes at home, as well as exploring diverse dining experiences at various restaurants. Sharing a well-prepared meal, complemented by a fine glass of wine, with good company makes me happy.

Would you tell us about your hometown, please?

I grew up in a cosy little village called Krummnussbaum, right in the heart of Lower Austria. Who knows, this might just be the first time my tiny town gets a shoutout in a big-time publication like the GPS Press! When it was time for my studies, I traded the countryside for the lively city of Vienna. At first, it was quite



a change, but now I absolutely love living in the heart of the city. I never get tired of exploring its nooks and crannies, and it's always a fun adventure to rediscover Vienna's charm again and again.

The family that drives for excellence

Oleksandra Kucher, the newest addition to the Prime Services Sales team in Vienna, gives an insight into her profession

Where it all began

My professional journey kicked off at UNIQA Insurance Group, where I worked as a student support member in resource management. However, destiny had a different path in store for me, giving me a chance of becoming a part of MIB traineeship at Raiffeisen Bank International. Upon completion, I secured a junior position as a relationship manager at the GPS Sales and Marketing Intelligence Team, which makes me very certain about my future career path.

My RBI experience

RBI is a fusion of professionalism and values. My journey at RBI has been a remarkable experience so far. From the moment I entered this dynamic organization, I was intrigued by the distinctive combination of professionalism, camaraderie, and the embodiment of diverse values that infuse every aspect of the workplace.

The unwavering commitment to understanding and meeting the needs of our clients is at the core of what we do. This client-centric approach has not only honed my skills but has also instilled in me a profound appreciation for the importance of trust and integrity in the financial sector. The collaborative atmosphere encourages open communication, idea sharing, and a collective drive for excellence. RBI thrives on its multicultural and diverse workforce, which brings a wealth of perspectives, ideas, and experiences to the table. It's a place where differences are celebrated, creating a vibrant tapestry of cultures and backgrounds.

RBI cares for its employees' well-being, offering a range of benefits and initiatives that go beyond the standard workplace. Together with the family-like set-up the

high standards set by the organization serve as a constant source of motivation for personal and career growth. It's a culture that emphasizes continuous learning, development, and staying at the forefront of industry trends.

Challenges ahead I see for GPS

In the ever-evolving world of GPS at our bank, we see a world of possibilities rather than challenges. It is important to see opportunities to expand our horizons and embrace innovation.

Our primary challenge is to nurture a culture of continuous growth. We see this not as an obstacle but as an exciting avenue to explore new approaches and trends. It's an invitation to think outside the box, experiment with creative solutions, and adapt to the changing landscape of the financial industry.

As we embark on a restructuring process, we envision a future where our services are even more interconnected across different divisions to provide our clients with an array of customized products tailored to their unique needs.

Balancing life

In my spare time, I embrace the diverse opportunities that modern life offers. Whether it's engaging in creative pursuits such as poetry and music, attending educational seminars, immersing myself in books on various topics, spending time outdoors to recharge, or embarking on exciting journeys, I cherish every moment. RBI's support for flexibility enables me to maintain a balanced and fulfilling life.

A glimpse of home

Hailing from Kyiv, my hometown carries both pride and heartache. As Ukraine



grapples with an ongoing war, my deepest wish is for everyone to safely return to their homes. Ukraine is known for countless inspiring individuals, and even in the face of adversity, the indomitable spirit of my country continues to inspire me. Unity and strength remain paramount in these challenging times.

Contact Us

GPS Central Team

Raiffeisen Bank International AG

Am Stadtpark 9
1030 Vienna, Austria

Christian Geberth

Head of Group Prime Services
christian.geberth@rbinternational.com
Phone: +43 1 71707-2832

Bettina Janoschek

Head of Head of Prime Services Sales, RM & Market Intelligence
bettina.janoschek@rbinternational.com
Phone: +43 1 71707-1820
www.rbinternational.com

Albania

Raiffeisen Bank Sh.a.

"European Trade Center"
Bulevardi "Bajram Curri" Tirana

Rigers Kristo

Head of GPS Albania
Rigers.KRISTO@raiffeisen.al
Phone: +355 4 2381076-2636
www.raiffeisen.al

Belarus

Priorbank JSC

31-A, V. Khoruzhey Str.
220002 Minsk

Yury Dorofey

Head of GPS Belarus
yury.dorofey@priorbank.by
Phone: +375 17 2899102
www.priorbank.by

Bosnia and Herzegovina

Raiffeisen BANK d.d.

Bosna i Hercegovina

Zmaja od Bosne bb
71000 Sarajevo

Draženko Bobaš

Head of GPS Bosnia
drazenko.bobas@raiffeisengroup.ba
Phone: +387 33 287-153
www.raiffeisenbank.ba

Croatia

Raiffeisenbank Austria d.d.

Magazinska 69
10000 Zagreb

Mensur Hodžić

Head of GPS Croatia
mensur.hodzic@rba.hr
Phone: +385 1 6174-327
www.rba.hr

Czech Republic

Raiffeisenbank a.s.

Hvezdova 1716/2b
14078 Prague 4

Karolina Stankova

Head of GPS Czech Republic
karolina.stankova@rb.cz
Phone: +420 702 197 055

Hungary

Raiffeisen Bank Zrt.

Váci út 116-118
1133 Budapest

László Ceglédi

Head of GPS Hungary
laszlo.cegledi@raiffeisen.hu
Phone: +363 060 63 579
www.raiffeisen.hu

Poland

Raiffeisen Bank International AG (Polish Branch)

Ul. Grzybowska 78
00-844 Warsaw

Jaroslav Kowalczyk

Head of GPS Poland
jaroslav.kowalczyk@rbinternational.com.pl
Phone: +48 512 233 278
www.rbinternational.com

Romania

Raiffeisen Bank S.A.

246D Calea Floreasca
014476 Bucharest 1

Andrei Mezdrea

Head of GPS Romania
andrei.mezdrea@raiffeisen.ro
Phone: +40 21 30612-89
www.raiffeisen.ro

Russia

AO Raiffeisenbank

Smolenskaya-Sennaya Sq. 28
119020 Moscow

Evgenia Klimova

Head of GPS Russia
evgenia.klimova@raiffeisen.ru
Phone: +7-495-721 9900
www.raiffeisen.ru

Serbia

Raiffeisen banka a.d.

Djordja Stanojevic 16
11070 Novi Beograd

Ivana Novakovic

Head of GPS Serbia
ivana.novakovic@raiffeisenbank.rs
Phone: +381 11 2207572
www.raiffeisenbank.rs

Slovakia

Tatra banka, a.s.

Hodžovo námestie 3
81106 Bratislava

Peter Uhrin

Head of GPS Slovakia
peter_uhrin@tatrabanka.sk
Phone: +421 903 417-407
www.tatrabanka.sk

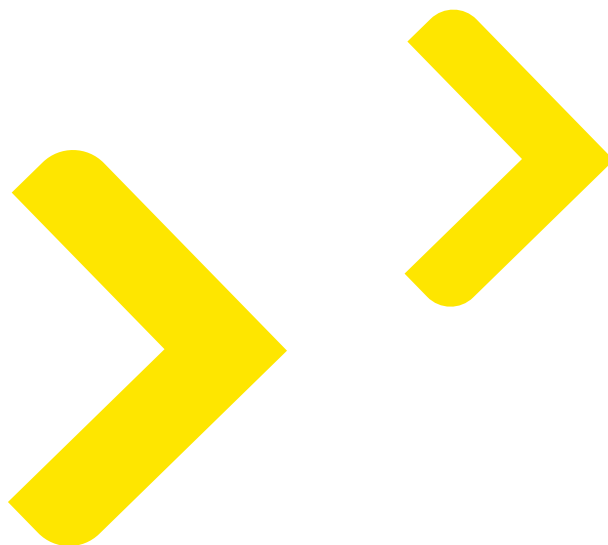
Ukraine

Raiffeisen Bank JSC

9, Leskova Str.
01011 Kyiv

Bogdana Yefremova

Head of GPS Ukraine
bogdana.yefremova@raiffeisen.ua
Phone: +380 44 49879 32
www.raiffeisen.ua



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Raiffeisen Bank International AG, Registered Office: Am Stadtpark 9, 1030 Vienna. Postal address: 1010 Vienna, POB 50

Phone: +43-1-71707-0, Fax: + 43-1-71707-1715

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Society Committee Zentrale Raiffeisenwerbung:

Petra WALTER (Chairwoman), Dr. Bernhard MARCKHGOTT (Deputy Chairman), Mag. Manuela MONSBERGER (Deputy Chairwoman)

Other committee members Zentrale Raiffeisenwerbung:

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