Introduction.
Conflicts of interest cannot always be prevented, especially in a universal bank providing a variety of investment services for its customers as well as financing and advising companies.

Conflicts of interest may arise
- between customers’ interests and the interests of UniCredit Bank Austria AG (hereinafter referred to as “Bank Austria”), its employees, members of its Management Board, tied and non-tied agents and other members of UniCredit Group, or between the interests of one customer and another.

Conflicts of interest may arise
- in the areas of investment advice and asset management, from Bank Austria’s own interest in sales of financial instruments, the Group’s own products in particular;
- from payments (e.g. selling commissions/stock-based commissions) received from or made to third parties in connection with investment services provided to them;
- from performance-related remuneration of employees and agents;
- from other business activities of Bank Austria, especially Bank Austria’s interest in profits from trading on its own account and in sales of financial instruments issued by itself;
- from Bank Austria’s business relations with issuers of financial instruments, e.g. in the case of a creditor/debtor relationship, participation in offerings, or cooperation arrangements;
- from the preparation of financial analyses of financial instruments offered for sale to customers;
- from Bank Austria obtaining information which has not been published;
- from personal relations of employees or members of Bank Austria’s Management Board or parties related to such persons;
- from such persons acting as members of supervisory boards and advisory boards.

The objective of Bank Austria and of UniCredit Group is to identify conflicts of interest in Bank Austria and in the Group as a whole and to prevent such conflicts of interest as far as possible. If a conflict of interest cannot be prevented through organisational and administrative arrangements made by Bank Austria, Bank Austria’s top priority is to resolve such conflict of interest in the interests of Bank Austria’s customers. If the organisational and administrative arrangements made by Bank Austria are not sufficient to ensure that risks of damage to customers’ interests are prevented, Bank Austria will disclose to the customer the general nature and source of the conflicts of interest before undertaking business on the customer’s behalf. The extent of such disclosure will be guided by the assessment of the customer so that the customer can take his/her decision in respect of the service on an informed basis. The disclosure is to be made in a general manner maintaining banking secrecy vis-à-vis other customers.

Measures to identify and manage conflicts of interest in Bank Austria:

1 Compliance management.
To comply with the legal requirement, compliance management has been established in Bank Austria pursuant to the Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz – WAG) and a Compliance Officer has been appointed. Apart from preventing misuse of insider information and market manipulation, one of the core tasks of compliance management is to identify and manage conflicts of interest and to monitor measures implemented within Bank Austria and adapt them where required.

2 Chinese walls.
The establishment of Chinese walls between Bank Austria’s various areas of confidentiality ensures that the forwarding of confidential information is limited to the extent necessary in the ordinary course of business (exceptions require special approval). The areas that have been defined as areas of confidentiality include proprietary trading, trading on behalf of customers, financial analysis, new issue business, mergers & acquisitions, investment business, controlling and lending business.

3 Refraining from transactions.
If a conflict of interest cannot be prevented despite the organisational and administrative arrangements made by Bank Austria, Bank Austria must resolve such conflict of interest in the interests of customers. Possible ways of resolving such a conflict of interest include the disclosure of the conflict of interest to the customer(s) or refraining from a possible transaction.
4 Disclosure.
Bank Austria will only disclose a conflict of interest if there is no other way to resolve it. Disclosure will take place in accordance with the criteria defined above.

5 Priority.
Customer interests take precedence over the interests of Bank Austria and its employee.

6 Market abuse.
Bank Austria has issued internal guidelines and rules of conduct which serve to comply with the legal requirement of preventing market abuse (insider trading and market manipulation) by Bank Austria and its employees.

7 Guidelines for employees’ own transactions (agents’ own transactions) and reporting requirement for specific functions.
Bank Austria has issued guidelines regulating its employees’ own transactions and aimed at preventing conflicts of interest between Bank Austria’s customers and Bank Austria’s employees or resolving them in the customers’ interests.

This includes reporting, and obtaining approval of, the conclusion of employment contracts, the assumption of advisory or management functions or of positions as a member of a board of trustees, the holding of equity investments or interests in joint ventures or similar relationships within and outside the Bank Austria Group.

8 Remuneration.
Bank Austria’s remuneration arrangements are to be designed so as to ensure that the remuneration of employees is not directly connected with payments made to, or income generated by, other employees whose activities are in a conflict of interest with activities of the former.

9 Acceptance of gifts.
Bank Austria’s employees are not permitted to demand or accept, for themselves or for their relatives, payments or other benefits which might affect their independence.

10 Financial analysis.
For the business area of financial analysis, the Bank has issued a “Statement of principles for the preparation of analyses in UniCredit Bank Austria AG and for employees preparing such analyses” in which it has defined requirements for disclosure of conflicts of interest of Bank Austria and of the responsible analyst. Moreover, Bank Austria has defined additional rules of conduct with a view to ensuring that analyses are prepared in an unbiased and independent manner.

11 Execution policy and allotment in connection with offerings.
An execution policy has been defined and implemented in Bank Austria. Bank Austria’s Execution Policy contains the rules applied by the Bank in executing customer orders and for allotment in connection with offerings.

12 Prospectuses.
Special requirements for disclosure in the prospectus apply to potential conflicts of interest in connection with public offerings and listings of securities.

13 Benefits.
When providing investment services and ancillary services, Bank Austria grants to its sales partners and group companies, and providers of products, issuers and group companies grant to Bank Austria, the following benefits in the form of a percentage of the volume sold or held in safe custody:

- Sales charge: 0% to 10% (unless directly paid by the customer to Bank Austria)
- Portfolio-based commissions: 0% to 3%
- Selling commission in connection with offerings: 0% to 3%

The following benefits are benefits in the form of a percentage of the charges and operating income due to investment services and ancillary services of Bank Austria:

- Distribution and advisory fee: 0% to 100%

In case of investments according to Section 1 (1) 3 of the Austrian Capital Markets Act (Kapitalmarktgèsetz – KMG): Distribution and advisory fees in form of a percentage of the volume sold.

- Premium (sales charge): 0% to 100%
- In-house commissions: 0% to 50%

Bank Austria will provide additional information on request.

Such commissions are paid for advice and also for further improvement and quality assurance of services provided to customers.

14 Monitoring.
Compliance with the guidelines will be monitored by Bank Austria’s Compliance Officer and reviewed by Bank Austria’s Internal Audit department.

Final provision.
This summary of the guidelines implements the provisions of the Austrian Securities Supervision Act concerning information to be provided to customers on the management of conflicts of interest and concerning the disclosure of benefits.