

Summary on the guidelines for handling conflicts of interests

Introduction

RAIFFEISEN CENTROBANK has defined guidelines for handling conflicts of interests. These guidelines aim at preventing situations where a conflict of interests that arises either between a customer and RAIFFEISEN CENTROBANK or any of its staff or of an enterprise which is controlled by or affiliated with RAIFFEISEN CENTROBANK, or between customers of RAIFFEISEN CENTROBANK, could be detrimental to the customers' interests. For example, conflicts of interests may arise

- in the course of investment consulting and asset management out of RAIFFEISEN CENTROBANK's interest in selling its own products or products of the Raiffeisen Banking Group,
- when receiving or granting grants from or to third parties in connection with provision of securities services,
- from RAIFFEISEN CENTROBANK's interest in earning profits from dealings for its own account and selling its own financial instruments issued,
- from RAIFFEISEN CENTROBANK's relationship to issuers of financial instruments in the issue of which RAIFFEISEN CENTROBANK was involved,
- from staff of RAIFFEISEN CENTROBANK receiving information that is not in the public domain;
- from performance-based remuneration of staff or from personal relations of staff of RAIFFEISEN CENTROBANK, etc.

The measures to be taken to identify and overcome conflicts of interests are as follows:

- Identifying conflicts of interests is of utmost priority. For this purpose RAIFFEISEN CENTROBANK has set up a Compliance Organisation and nominated a Compliance Officer. The divisions have to report potential conflicts of interests to the Compliance Officer, who will identify and deal with them, monitor the measures implemented by RAIFFEISEN CENTROBANK on an ongoing basis, ensure that in the case of conflicts of interests that cannot be avoided investment transactions are processed in compliance with the statutory provisions and will report regularly to the executive board.
- By defining areas of confidentiality it is ensured that passing on of confidential information is limited to the extent necessary in the ordinary course of business. For example, RAIFFEISEN CENTROBANK's dealings for its own account are carried out separately from dealings for customers; other areas of confidentiality are: own issues, capital market transactions, business analysis, mergers and acquisitions, and lending business and certain customer service departments. If in a specific case exchanging of information between the areas defined cannot be avoided, which may entail a conflict of interests, this fact has to be reported to the Compliance Officer, who will then take appropriate measures. Due to its organisational structure RAIFFEISEN CENTROBANK has ensured that any improper influence on the way in which securities services are provided by RAIFFEISEN CENTROBANK is prevented.
- Pricing of our own products is always effected on the basis of the current market situation.
- In the case of conflicts of interests which are due to shortages (i.e., more customer orders have been received than can be actually fulfilled) clear principles for allocation which were set up prior to allocation (e.g., principle of priority or pro-rata allocation) are applied in compliance with RAIFFEISEN CENTROBANK's implementation policy, which avoid improper preferential treatment of specific customers. Other conflicts of interests will be notified to the customers on a case-by-case basis, depending on RAIFFEISEN CENTROBANK's concrete role.

- When giving advice we only consider our customers' interests; as a matter of principle, customer interests always prevail over interests of ours and of our staff (prioritisation).
- At RAIFFEISEN CENTROBANK guidelines and codes of conduct apply to all staff, which prevent insider trading and market manipulation (market abuse). This means that the staff of RAIFFEISEN CENTROBANK is trained on a regular basis. Furthermore, guidelines were issued for all staff according to which dealings of staff members for their own account have to be carried out in such a way that conflicts of interests between customers and staff of RAIFFEISEN CENTROBANK are prevented or solved in a way that is beneficial for the interests of our customer(s).
- Accepting and making gifts and grants by and to staff of RAIFFEISEN CENTROBANK is handled according to our internal guidelines.
- Special obligations to disclose conflicts of interests apply to our financial analysts, and additional codes of conduct were defined to ensure that analyses are prepared free from any influences and independently.
- If a conflict of interests cannot be avoided despite the above measures, RAIFFEISEN CENTROBANK will either refrain from entering into a deal or inform the customer thereof in general or specifically before placing an order (disclosure of the conflict) for the customer to be able to make a decision with full knowledge of the existing conflict of interests.

General remarks on financial incentives

When providing securities services or ancillary services RAIFFEISEN CENTROBANK regularly pays commissions to its distribution partners, such as Raiffeisen Landesbanken. In turn, RAIFFEISEN CENTROBANK is paid commissions by vendors and issuers. Such payments are necessary for maintaining or further increasing the range of products offered and the quality of the advice to and information for the customer. The amount of recurrent commissions depends on the type of product and the issuer or intermediary. These commissions depend on the volume of securities sold and/or held in custody and can be broken down into the following categories:

- Offering commissions (fees): as described in the product information for the specific products
- Commissions for distribution / sale / conclusion of transactions: between 0 and 4 per cent
- Trailer commissions: between 0 and 2 per cent p.a.

The above percentage rates can be exceeded on a case-by-case basis.

Information on details

At the customer's request RAIFFEISEN CENTROBANK will inform the customer in person about further details regarding the commission agreements outlined above.