

CONFLICT OF INTEREST POLICY STATEMENT **- General rules on the handling of Conflicts of Interest -**

1. INTRODUCTION

Legal and regulatory obligations require UniCredit Bank Ag and UniCredit S.p.A (the Bank) to have in place documented procedures for the handling of potential or actual conflicts of interest (hereunder referred to as “conflicts of interest”) and to ensure information on conflicts management is made available to each customer. Possible conflicts of interest may arise within customer to bank relationships, customer to customer relationships and customer to employee relationships.

HVB follows a three-step approach to comply with its conflicts of interest obligations. The first solution is to generally avoid conflicts of interest, where possible, within the Bank. The second, the Bank undertakes organisational measures in order to avoid or manage potential conflicts of interest at the organisational level. If these approaches do not prevent a potential conflict of interest, then this conflict is disclosed to the customer(s).

2. GENERAL PROVISIONS

The Bank follows a number of general rules to actively deal with conflicts of interest within the meaning of the above-mentioned three-step approach, with special attention given to the following:

- Compliance guidelines for securities transactions and research
- Internal work instructions, e.g. for takeovers
- Principles for employee transactions in securities (i.e. personal account dealing guidelines)

2.1. Compliance Guidelines for Securities Transactions

The Bank has in place compliance guidelines that serve as instructions and organisational provisions for the prevention of insider dealing and market abuse. Organisational measures include the creation of areas of confidentiality (“Chinese Walls”) and the maintenance of a watch-list. In addition, certain transactions or transactions of certain volumes may be prohibited for the Bank or its employees and such transaction will be included on a restricted list.

Chinese Walls have been set up, for example, between the following:

- Departments that are dedicated to client trading and those departments undertaking proprietary trading on behalf of the Bank
- Research departments are separated from all other departments within the Bank

2.2. Compliance Guidelines for Research

The Bank has internal guidelines and procedures for the disclosure of possible conflicts of interest when preparing research material, pursuant to current rules and regulations. Such disclosure is found in the disclaimer section of each research analysis.

2.3. Rules on Asset Advisory and Asset Management

Within the scope of MiFID, the Bank is under an obligation to obtain minimum information from certain clients as far as this is not already available. This information includes knowledge and experience about securities transactions. As regards to asset advisory and asset management, additional information regarding a client's investment goals and financial situation is also usually required. It should be ensured that consultation and/or advisory-free transactions are performed in the interests of the customer.

2.4. Incentive Payments

In connection with the rendering of securities services or ancillary securities services, the Bank may not accept any benefits from third parties or grant these to third parties, who are not customers of this service, unless the benefit is intended to improve the quality of the service to be rendered to a customer. The incentive payment may not conflict with the proper rendering of the service in the interest of the customer and the existence, type and scope of the benefit or, as far as the scope cannot be determined, the type and manner of its calculation, must be disclosed to the customer prior to the rendering of the securities service or ancillary securities service in a comprehensive, applicable and easy to understand manner.

These regulations are implemented on the part of the Bank and incentive payments (benefits) within the meaning of the above-mentioned description are disclosed to the customer.

2.5. Execution Policy (Best Possible Execution of Customer Orders)

To ensure it routinely achieves the "best possible" result for its customers, the Bank has developed and implemented an execution policy that determines how customer orders are executed.

2.6. Avoiding Conflicts with the Personal Interests of Employees

In order to avoid conflicts with employee personal interests, there are internal guidelines for the Bank employees that deal with personal account transactions. Employees require authorisation from the Bank to undertake such transactions and approval is provided if conflicts do not exist.

3. SPECIAL PROVISIONS

3.1. BANK INTERESTS

3.1.1. Representation on Company Boards

To assist with identifying and managing conflicts, there are internal rules and a formal internal approval process where the Bank's board member requests to become a member of non UniCredit board. Such individuals may also be prohibited from dealing with certain departments (e.g.: research analysis, proprietary trading).

3.1.2. HVB Holdings of Shares in Other Companies

The Bank has in place rules as regards the Bank holding shares in other companies in order to avoid conflicts of interest.

3.1.3. Investment Banking

Within the scope of investment banking, conflicts of interest may occur where the Bank is mandated

by one customer (e.g. a buyer in a takeover) with conflicting business interests to another potential or actual customer (e.g. a target in a takeover). The Bank has implemented management processes with the aim of identifying and dealing with such conflicts.

3.1.4. Customer Trading and Proprietary Trading

Conflicts of interest can occur with regard to customer trading and proprietary trading. The Bank has in place guidelines dealing with customer order priority. From an organisational point of view, customer trading and proprietary trading are separate and segregated areas of confidentiality.

Furthermore, an Execution Policy has been defined and its implementation ensured so that orders are always executed in the best interest of the customer (see 2.4 above).

3.1.5. Financial Asset Management

The following rules have been made in order to avoid conflicts of interest within the scope of asset management:

1. An execution policy has been defined and implemented in order to regularly achieve the best possible execution outcome for clients (see 2.5 above).
2. The commission amount with respect to order execution is predetermined and included within the scope of the contractual agreement with the customer.
3. An allocation policy is defined within the scope of a customer relationship. Such policy deals with bulk order versus partial execution matters and how costs are distributed where partial execution occurs.
4. By adhering to the rules of asset advisory, the customer interests are chiefly taken into consideration.

3.1.6. Credit Financed Transactions in Financial Instruments

Certain potential conflicts are naturally avoided due to legal restrictions and internal provisions, for example, the issuance of financing in connection financial instrument transactions (Basel II, lending limits, depositing of securities).

3.1.7. Credit Financed Transactions in Financial Instruments

Conflicts during the issuance of financing in connection with transactions in financial instruments are prevented through legal provisions (Basel II, lending limits, depositing of securities) and internal provisions.

3.1.8. Proprietary Trading and Investment Banking

Within the scope of investment banking it is ensured that there is a strict segregation between proprietary trading and investment banking (including investment banking sales).