

Summary policy for managing conflicts of interest and disclosure of benefits

Preamble

UniCredit Bulbank as a multi-service bank and part of UniCredit Group may encounter situations where interest of some clients could compete with interest of other clients, or those of UniCredit Bulbank and its employees.

In compliance with requirements of Markets in Financial Instruments Directive (MiFID) UniCredit Bulbank developed guidelines and procedures to identify, prevent and manage conflict of interest which could arise in the course of its business activities.

1. What are conflicts of interest?

Conflicts of interest are situations that arise in relation to investment and ancillary services provided to the client and may damage their interests. The main categories conflicts arise:

- between clients' interests and interest of UniCredit Bulbank (hereinafter referred to as the Bank), its employees, its Management Board's members, tied agents and other member of UniCredit Group,
- between the interests of one client and another

2. Identifications of conflicts of interest

The Bank' policy is to maintain record of the types of services and activities carried out by the bank in which a conflict of interest entailing material risks of damage clients interest' may arise.

In particular, conflicts of interest may arise:

- execution of orders which could entail possibility of the bank, employee or member of management to gain, or avoid financial losses, at the expense of the customer;
- from involvement of financial or other incentive to favour the interests of one or more clients at expense of other clients;
- from personal relations, or from acting as members of supervisory or advisory boards outside the bank, of employees and members of managing bodies or parties related to such persons,
- from activities of the Bank which could compete with activities of the clients.,
- possible payments (e.g. selling commissions) received from third parties in connection to investments services provided,
- from information obtained by the Bank which has not been published yet.

The purpose of Unicredit Group is to identify conflict of interest at the Bank and at group level and prevent such cases as far as possible. If a conflict of interests could not be prevent through organizational and administrative measures put in place, the Bank policy is to resolve such cases in the interest of bank' customers.

The Bank permanently identifies situations with potential for conflict of interest and implements measures to avoid possible negative impact on customers.

In order to treating conflict of interests identified, the following measures are put in place:

- Investment services in relation to which are involved any payments from third parties are properly communicated to the clients. In case jeopardy to execute customers' order in their best interest was identified, the Bank does not accept such payments;
- The remunerations packages of employees providing investment services and products are not directly linked to other services within the Bank in which conflict of interest could be found;
- The information received by the clients, which is not public yet is strictly protected as inside information – subject to bank secrecy. The flow of inside information is limited within certain areas and the employees directly involved in the transaction;

- Bank trading in its own account is properly communicated and separated through organizational arrangements;
- The supervision over investment services and other relations with issuer of financial instruments- e.g. credit relations, is exercised through separate reporting lines in order to prevent possible misuse of influence over the employees. The Bank keeps information regarding participation of bank' management and employees in management, control and advisory bodies in companies outside the banking group.

3. Measures to identify and manage conflicts of interest

1) Compliance management

To comply with legal requirements compliance management has been established and a Compliance Officer has been appointed pursuant to MiFID requirements and Group standards. Apart from prevention of market abuse, one of the main purposes of Compliance management is to identify and manage conflict of interests and assess permanently the measures put in place within the bank and adapt it when required.

2) Chinese walls

Chinese walls is organizational and administrative barriers set up within the bank between various areas where confidential information is limited to the extent necessary in the course of business duties. These areas include proprietary trading, trading on behalf of customers, origination of issues, controlling and lending business.

3) Refraining from transactions

If a conflict of interests could not be prevent through organizational and administrative measures put in place, the Bank policy is to resolve such cases in the interest of bank' customers – e.g. refraining from transaction intended.

4) Priority

Customer' interests always take precedence over the interests of the bank and its employees.

5) Disclosure

The disclosure of conflict of interest will take place only in case there is no other way to resolve it. The affected client will be informed in writing for the details of the case prior to conclusion of the transactions.

6) Guidelines for employee transactions and prevention of market abuse

The Bank has issued internal guidelines for employees conduct and employees' own transactions which aimed at preventing market abuse (inside dealing and market manipulation) and conflict of interest within the bank and the group.

These regulations include reporting the case of personal interest of members of the management bodies and other employees in the form of management or advisory functions, holding of equity investments or similar relationship outside the Bank.

7) Remuneration

The bank's remuneration agreement do not allow direct link between remuneration of employees providing investment services or products and incomes generated by other investment activities within the bank where conflict of interest between both activities could arise.

8) Acceptance of gifts

Bank' employees are not allowed to demand or accept, for themselves or for their relatives, payments or other benefits which may affect their independence.

9) Financial analysis

Where financial analysis are to be prepared, special regulations for financial analyst has been implemented in order to define rules of conduct ensuring unbiased and independent research or analysis.

10) Execution policy

An execution policy, which is important measure for investors' protection, had been implemented in the Bank in accordance with legal requirements. The Bank' execution policy is intended to obtain the best possible results for the execution of customers' orders and allotments related to public offerings.

11) Prospectuses

Special requirement for disclosure in the prospectus apply to potential conflicts of interest in connection with public offering and listing of securities.

12) Benefits

When providing investment and ancillary services, the bank may grant to its partner, and providers of products/ issuers may grant to the Bank, the following benefits in the form of a percentage of a volume sold or held in safe custody:

- Selling commissions related to offerings;
- Fees and commissions for external services in relation to investment activities (translation, analysis, legal services, etc.);
- Commissions for execution of orders by another investment intermediary;
- Selling commissions related to mutual funds' equities

Such commissions are paid for further improvement and quality enhancement of the relevant services provided to customer.

All the fees and commissions are defined in the tariff with the size or the way of calculation, unless the customers accepted according agreement to pay other type of commissions.

Ongoing supervision over the investment process and monitoring of adherence with the guidelines will be exercised by Compliance Officer and reviewed on a regular basis by the Internal Audit department within the Bank.

Final provisions

This summary of guidelines implements the provisions of Act on markets in financial instruments in respect to requirements for providing information to the customer on the conflict management and disclosure of benefits.

In addition to this document, the customer may request more information on this policy from their usual contact.