

Information on dealing with potential conflicts of interest

The conduct of our bank strives to harmonise the interests of our clients, our shareholders and our employees. In the case of a bank providing a wide range of high quality financial services for a very large number of clients, however, individual conflicts of interest cannot always be ruled out entirely.

Conflicts of interest may arise between the bank and the client, among clients or between the bank, clients, and employees. Conflicts of interest may also occur between the bank and other financial service companies. These include, as the case may be, other group companies of the bank. Conflicts of interest may arise in particular:

1. in the case of investment advice and asset management, due to the bank's own (revenue) interest in the sale of its own (group) financial products;
2. in the case of trade and financing services, where several client orders collide or where client orders collide with the bank's own transactions (for example proprietary trading profits) or other interests of the bank;
3. when compiling financial analyses, for example in respect of securities that are offered to clients for purchase;
4. through performance-related remuneration of employees and brokers;
5. from relationships of the bank with issuers of financial instruments, for example in the event of an existing credit relationship and in the case of cooperations;
6. by obtaining information that is not in the public domain (insider information);
7. from the involvement of employees and managers in supervisory or advisory boards;
8. from private securities transactions by employees;
9. in the case of asset management, where excessive and unjustified portfolio shifts might in theory be undertaken to generate additional fees.

Conflicts of interest may result in the bank not acting in the best possible interest of the client. We have taken a range of measures to prevent potential conflicts of interest in advance.

Measures to avoid possible conflicts of interest

Organisational measures

To ensure that services for our clients, such as advice, execution of orders or asset management are not influenced by irrelevant interests, we have structured both our organisation and our processes into multiple levels with a corresponding distribution of individual responsibilities. Both the bank as such and our employees are committed to high ethical standards within the sector and the profession. As a bank we are committed to performing all investment services and ancillary services in an honest, fair and professional manner and in the best interest of our clients and, where possible, to preventing conflicts of interest.

For this purpose, we maintain an effective internal control system. The responsibilities of this control system include monitoring the persons in charge of performing investment services and ancillary services with respect to compliance with the applicable legal and regulatory provisions. Our employees are required to observe the organisational and procedural specifications of the bank within the context of their activities. Our employees are trained on an ongoing basis and are advised and monitored in respect of their activities by Compliance and the Internal Audit.

Specific measures

The measures taken include the following; continuous compliance with these measures is ensured by the bank-internal control system:

1. Own revenue interest in financial products: We do not issue any of our own products (with the exception of medium-term notes). Should we deviate from this strategic principle in the future, we would add our own financial products to the recommendation list only if this appears appropriate for reasons of product quality.
2. Collision of several client orders: Execution of client orders in accordance with our Principles for Executing Orders in Financial Instruments (Best Execution).
3. Compilation of financial analyses: We do not compile any financial analyses. Should we deviate from this business policy in the future, Chinese walls would be established between the financial analysis and private banking departments. As a result, the financial analysis department would not be aware of the financial products used in private banking, and we would not carry out financial analyses of financial products with whose issuers the bank has a business relationship.
4. Performance-related remuneration of employees and intermediaries: As part of the consistent implementation of a risk-averse business strategy, the bank attaches particular importance to ensuring that neither employees nor management have a legal right to variable remuneration components. Moreover, variable salary components are in no way dependent on the success of the client's risk positions and are granted only if the bank's business result is positive, at the discretion of supervisors and to an insignificant extent as recognition for the performance rendered. As a result, there is no incentive for employees to take disproportionate risks for clients or to act against the interests of the client. The Board of Directors reviews these principles of remuneration policy on a regular basis by receiving comprehensive information from the Executive Committee on the variable salary components awarded. In addition, the bank does not grant any remuneration that is dependent on product sales.
5. Relationships between the bank and issuers: The bank's legal independence and the forgoing of its own products mean that it is free from issuer and group interests, allowing the bank to enter into relationships with issuers only if doing so is exclusively in the best interests of the client. Should we deviate from this strategic principle in the future, we will either refrain from providing certain services relating to these issuers (e.g. preparing financial analyses) or we will ensure that no information can lead to a conflict of interest, namely by separating the flow of information

(Chinese walls) between the bank's departments and employees. The head of one department may not be the head of another conflicting department at the same time.

6. Insider information: By forgoing investment banking in general, and in particular securities underwriting (or participation therein) and going-public services, the bank deliberately avoids obtaining information before the public that could be considered insider information. Moreover, the bank constantly reviews conspicuous price movements in client portfolios as well as suspected insider and market abuse cases that have become public. In addition, internal regulations demand compliance with strict rules that prohibit the exploitation of insider information.
7. Involvement in supervisory and advisory boards: Bank employees are prohibited from taking a seat in the governing bodies of legal entities participating in the capital market. Should we deviate from this business policy in the future, we would not include the companies concerned on our recommendation lists.
8. Private securities transactions by employees: All employees are required to disclose their transactions in financial instruments, which may be subject to audits by the internal audit department.
9. Excessive, unjustified portfolio shifts are prohibited by internal bank regulations.

Disclosure of unavoidable conflicts of interests

Despite the ongoing inspections of employees carried out by the bank, it may happen in isolated cases that conflicts of interest can neither be avoided nor managed. In such a case, the bank will disclose the conflict of interest. Where appropriate, the bank will ask the client concerned for instructions on how to proceed once the conflict of interest has been explained.

The bank has so far not identified any conflicts of interest that cannot be adequately addressed by appropriate measures.

Inducements

The bank endeavours as a matter of principle not to invest in or to recommend investments in financial instruments for which inducements (retrocessions, trailer fees, etc.) are paid. If, however, the bank nevertheless receives inducements from realised investments, the bank passes them on to the client in accordance with the client's determinable share, provided that the client relationship still exists at the time the inducement is paid out. When reimbursing the client, the bank informs the client at least once a year of the payments received. For all inducements received after the client relationship has been closed, the client expressly waives any claim for a payout. Flat rate benefits in the contractual arrangements of the bank with its service providers, where such benefits are not specifically causally attributable to individual client relationships, are excluded. Unless otherwise agreed, the client may at any time before or after the provision of the service request further details from the bank about the agreements made with third parties regarding inducements received. The client expressly waives any right to information and payout over and above the right provided by law.

The bank reserves the right to grant inducements to third parties for the provision of services. Commissions, fees, etc., charged to clients serve as the basis for calculating such inducements. Their amount is determined by the fees and commissions received by the bank for asset management/custody (max. 50%). At the client's request, the bank will at any time disclose further agreements made with third parties.

The bank may accept minor non-monetary inducements from third parties which are likely to improve the quality of the investment services provided to the client and which are reasonable and proportionate in terms of scope and nature (such as market analyses, smaller "giveaways", training courses for certain financial products, and comparable items).

Information about the receipt or the granting of inducements is also set out in our General Terms and Conditions of Business or other contractual documents.

Note

On your request, we will provide you with additional details concerning these Principles for Dealing with potential conflicts of Interest.