

SUMMARY OF UBB AD'S CONFLICTS OF INTEREST POLICY UPON PROVISION OF INVESTMENT AND ANCILLARY SERVICES

This Policy aims at regulating the meaning behind the “conflict of interests” notion and setting the mechanism in which United Bulgarian Bank AD (referred to hereinafter as “UBB” or “The Bank”) shall manage the risk of such conflict's occurrence, as well as the measures, which shall be initiated, if, despite that, a conflict has occurred.

Upon the management of conflicts of interests the Bank aims at guaranteeing equal and fair treatment of participants in the relations and accepts that a conflict may not always be avoided.

I. CONFLICT OF INTERESTS EXPLAINED

Conflict of interests is a situation that might originate upon the provision of investment and ancillary services, during which, in case of occurrence of respective prerequisites, a risk may arise for the interest of a client of the Bank.

The main categories of conflicts are between:

- UBB in its capacity as an investment intermediary, including the persons, who manage it, those who work for the Bank under a contract, the bound agents and any person, who is either directly or indirectly related to the Bank through relations of control, on one hand, and the Bank's clients, on the other;
- its separate clients.

II. MEASURES FOR IDENTIFICATION AND TREATMENT OF CONFLICTS OF INTERESTS

1. Principles and measures for avoiding conflicts of interests

The principles, adhered to by UBB while applying the measures for avoiding conflicts of interest are the following:

- Every employee of the Bank, while being guided by the principles hereof and while performing his/her official obligations, shall give priority to the Bank's interest and that of its clients, over his/her own interests;
- Separation of functions, between which there is conflict of interests, as combination of activities for approval, execution and reporting of operations shall not be allowed;-
- Observance of the requirements for confidentiality with regard to the information, of which an employee has become aware during the performance of his/her office duties;
- Establishment of protection barriers between databases (passwords, separate premises, levels of access);
- Technical restrictions, which do not allow unauthorized persons to access information, stored on an electronic medium, notwithstanding whether the information has been organized under the form of a register or in another manner;
- Ongoing monitoring and periodic ad hoc checks as to the compliance with the Policy on Conflicts of Interests.

2. Priority given to clients' interests

The Bank assumes that upon assessment and initiation of measures for conflict of interests' management, the protection of a client's interests shall have priority to those of the Bank, its employees or members of its management and control bodies. The envisaged measures shall target directly the protection of a client's interests in view of achieving such a result for the client, as would have been achieved in the absence of a conflict of interests.

3. Rules on personal trading and prevention of market abuse

There are internal rules, approved at the Bank on the conduct of employees and their personal deals, intended to thwart market abuse (trading in insider information and market manipulation).

4. Consideration

No direct link shall be allowed between the remuneration of employees, offering investment services or products, and the income, generated from another type of investment service or product within the Bank, in case a conflict of interest may originate between those activities.

5. Elaboration and distribution of investment surveys

In the cases when either the Bank or the Group elaborates or organizes the preparation of an investment survey, which is either intended for, or there is a probability to have it disseminated afterwards to clients of the Group or the general public, they shall ensure at their own responsibility the adherence to all rules, pertaining to disclosure of information to clients, on the part of the financial analysts, involved in the elaboration of the investment survey, and of the other respective persons, whose responsibilities or business interests may conflict those of the individuals/entities, to whom the investment survey is being provided.

6. Order Processing Policy and Best Execution Policy

An important component for protection of investors are the Order Processing Policy and the Best Execution Policy, which have been adopted at the Bank in accordance with the regulatory requirements.

While taking into account the need for immediate, fair and accurate execution of all orders of its clients, the Bank determines the order processing standards in its Orders Processing Policy.

With its Best Execution Policy the Bank introduces a set of measures and procedures in view of ensuring the best possible results for its clients upon receipt and delivery to third parties or upon execution of orders for financial instruments for the account of its clients.

7. Policy for operating with benefits, provided to or by a Client

Upon rendering investment and ancillary services and activities for the account of clients, the Bank shall act honestly, fairly, transparently and in a professional-like manner, in accordance with its clients' best interests.

To this end the Bank shall:

- Define its pricing policy with regard to commissions, fees and other expenses, due in line with the provision of investment and ancillary services and products, in an accurate, clear and comprehensive manner.
- Neither pay, nor accept, nor allow its employees, managers, executive members and other persons, working under contracts for the Bank to pay, respectively provide or receive any direct or indirect consideration, commissions, discounts or non-cash benefits from either a client or a third party, acting on the client's behalf, except for the explicitly defined ones for each particular case.

The Bank defines as benefits any direct or indirect fees, commissions, discounts or non-cash incentives, either paid or provided to or by the client or a person, acting on behalf of or for the client's account in line with the provision of investment and/or ancillary services, exceeding the pricing levels of the Bank's fees and commissions, defined in advance.

This policy is being applied to all cases of rendering investment and/or ancillary services to clients, as well as upon performing financial analysis and investment survey, together with the Bank's obligation to act in a professional-like manner when rendering such services to clients.

8. Register of services and activities, entailing the risk of conflict of interests' occurrence

The Bank shall maintain and regularly update a register of the types of investment or ancillary services or investment activities, performed by it or on its behalf, upon which there is an occurred conflict of interest - or in case of a current service or activity, such may occur - entailing the risk of infringement upon the interests of one or more clients.

The Bank's senior management receives on a regular basis and at least once per annum written reports on the cases, stated in the register.

9. Compliance function

Compliance Directorate aims at ensuring the compliance of the internal banking rules with the regulatory requirements, relating to the investment and ancillary services, as well as minimizing the risk of conflicts of interests and the unlawful use of insider information.

Compliance Directorate exerts ongoing control on the observance of the regulatory requirements and the internal rules, regulating the operations and deals in financial instruments, as upon non-compliance it reports to the management.

III. Disclosing of conflicts of interest

In the cases when the Bank has found that the existing organizational and operational measures, which have been created for managing conflicts of interest on Group level, are not sufficient to ensure adequate assurance for preventing the risk of infringement upon the interests of clients, the Bank shall clearly and in writing disclose to the client the conflicts of interests' nature and sources, on a durable storage medium. The disclosure shall involve sufficiently detailed information, given the client's type, enabling the latter to make an informed decision, pertaining to the investment service, with regard to which the conflict of interest has occurred.