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**Important client information  
as of February 2024**

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## 1 Information about the company

### Name and legal form

Wiener Privatbank SE (hereinafter referred to as Wiener Privatbank) is a Societas Europaea licensed as credit institution having its registered office in Vienna, registered with the Vienna Commercial Court under commercial register no. FN 84890p as well under the following registration numbers: Sort code: 19440, BIC: WIPBATWW, OeNB ID number: 5238315, VAT registration number: ATU59070249, DPR number: 0812102, LEI: 529900VYY1MRNR59PN57. For further information regarding the company, please visit [www.wienerprivatbank.com](http://www.wienerprivatbank.com).

### Service & license

In addition to being authorised to carry out licensed banking transactions pursuant to section 1(1) Austrian Banking Act (*Bankwesengesetz, BWG*), Wiener Privatbank is also authorised to provide investment services and ancillary (investment) services on a commercial basis pursuant to the Securities Supervision Act (*Wertpapieraufsichtsgesetz, WAG*) 2018.

Among the main activities of Wiener Privatbank are the provision of real estate services as well as, within the scope of its licenses, the provision of different kinds of financial and investment services. These also include custody and management of securities, as well as payment services.

Wiener Privatbank is not an independent investment advisor within the meaning of sections 50 and 53 WAG 2018. For further details on the range of products offered as well as the scope of advice provided, including statutory notices, please see chapter 4.

### Contact

You can contact Wiener Privatbank at the following address: Parking 12, 1010 Vienna, as well as via the following means of telecommunication: e-mail: [office@wienerprivatbank.com](mailto:office@wienerprivatbank.com), telephone: +43 1 534 31-0, fax: +43 1 534 31 – 710.

### Language

Wiener Privatbank uses the German or English language when entering into agreements and communicating with its clients.

### Means of communication

Depending on what has been agreed and in accordance with statutory requirements, communication with the client takes place either orally, in personal meetings or via telecommunication channels (e.g. over the phone or in video conferences) or in writing (e.g. statement of account, letter, fax) or electronically either via e-mail or the website of Wiener Privatbank.

Information and statements which have to be communicated to clients are provided by letter or statement of account unless transmission via a different medium (e.g. e-mail, fax, etc.) has been agreed upon.

If the WAG 2018 stipulates that a statement or information of Wiener Privatbank must be transmitted on a durable medium, the information will be transmitted on paper or, at the client's choice, also electronically, provided that the chosen medium is appropriate. The publication of information on a website of Wiener Privatbank is deemed appropriate for clients having regular access to the internet, provided that the information is not addressed personally to a specific client.

Unless otherwise agreed upon, statements which clients are entitled or obligated to make as well as orders they place will not become legally binding on Wiener Privatbank unless submitted in writing. If so agreed, orders can also be placed personally, via telephone or other means of telecommunication, as long as the requirements pertaining to durable media are met.

Wiener Privatbank is authorized and legally obligated to record telephone conversations and electronic communications with clients. Upon request, a copy of such records is available to the client for a period of five years.

### **Competent regulatory authority**

The competent regulatory authority is the Financial Market Authority (*Finanzmarktaufsichtsbehörde, FMA*) ([www.fma.gv.at](http://www.fma.gv.at)), Otto-Wagner-Platz 5, 1090 Vienna, telephone: +43 1 249 59-0, fax: +43 1 249 59-5499. For further information on how to make submissions in a legally binding manner in oral or electronic form as well as via telephone or in writing, please visit [www.fma.gv.at](http://www.fma.gv.at).

### **Complaints management**

Wiener Privatbank will respond without delay to any complaint it receives via the complaints office. The complaints office can be contacted via the following e-mail address: [ombudsstelle@wienerprivatbank.com](mailto:ombudsstelle@wienerprivatbank.com)

To learn more about Wiener Privatbank's complaints handling policy and about the procedure set in motion by each complaint, please visit [www.wienerprivatbank.com/en/about-us/legal](http://www.wienerprivatbank.com/en/about-us/legal)

## **2 Information on the protection of client assets held in custody**

Wiener Privatbank uses appropriate organisational and contractual measures to protect the rights of clients on whose behalf Wiener Privatbank holds securities or funds.

### **Segregation of client holdings**

Wiener Privatbank keeps correct and transparent accounts of all securities and funds it is holding. This is how Wiener Privatbank is able to distinguish the securities and funds of each client from its own holdings as well as from the holdings of any other client. The name or company name of the account holder and a numerical code are used to manage accounts and securities accounts.

This enables clients to provide, in the event of disputes or in an insolvency, evidence of their rights with respect to the posted funds or securities at any time. These records also allow for correct allocation in the event that collective custody results in losses; such losses are borne by all co-owners of the collective holdings in proportion to their shares.

### **Collective holdings and third-party custody**

Wiener Privatbank will in most cases keep securities that can be transferred in a book-entry process, including registered securities endorsed in blank, under its own name with a securities clearing and deposit bank (third-party custodian).

The third-party custodian will in most cases hold such securities in collective custody. Only upon express client request or if securities are not eligible for collective custody will they be kept segregated (individual safe custody or jacket custody).

Collective custody means that all securities of the same type which Wiener Privatbank holds on behalf of its clients will be kept together in one securities account. In such a scenario, the depositors become co-owners of the collective holdings, being entitled to claim delivery of securities from the collective holdings equal in amount to what they transferred into custody. In the case of individual custody, the depositor is the sole owner of the security transferred into custody.

Where securities are held in custody in Austria, securities placed in individual or collective custody will be segregated in an insolvency of the (third-party) custodian and be delivered to the client, who is either an owner or a co-owner. Securities held in custody in Austria are thus protected in the event of the (third-party) custodian's insolvency.

Securities procured in another country are, as a rule, held in custody with a third-party custodian in that country.

This applies, for instance, if Wiener Privatbank, acting as commission agent, executes buy orders for foreign or Austrian securities in another country or sells to the client, in a fixed-price transaction, foreign securities which are traded neither on nor off a trading venue in Austria or which are usually procured in another country.

To provide for custody of securities in another country, Wiener Privatbank will use the services of either a foreign custodian or an Austrian custodian, such as the Austrian central securities depository (OEKB CSD GmbH) which will, in turn, commission depositories in another country (custody chain).

Where securities are to be held in custody in another country, Wiener Privatbank only uses the services of companies that are authorised to provide services for the safekeeping and administration of financial instruments and are subject to regulation or supervision.

The securities placed into the third-party custodian's custody are subject to ongoing reconciliation as long as the custody services continue to be provided. For this purpose, each instrument deposited with the third-party custodian is checked against the total volume Wiener Privatbank has posted in its systems (check against total volume under custody with a particular depository).

Custody in another country is subject to the terms and conditions of the respective custodian and the legal rules and regulations applicable and practices customary at the place of custody. In most cases, the place of custody is the country where the instrument was first registered with a central securities depository.

Where Wiener Privatbank is unable to procure ownership or co-ownership of securities held in custody in another country for its clients, it will make sure, in the interest of its clients, to procure a similar legal position for its clients and to maintain such position for its clients on a fiduciary basis.

In order to ensure segregation of client holdings vis-à-vis third-party custodians, Wiener Privatbank notifies the foreign custodian that the client securities transferred into custody are not part of its own proprietary holdings and that Wiener Privatbank, as the owner of the securities account, does not have any rights or title to them.

In addition, Wiener Privatbank will ensure that the depository commissioned provides contractual warranties that (1) it has taken note of and acknowledged who owns the client holdings, (2) that it will assert liens or rights of retention or similar rights only in respect of claims as may arise from the purchase, administration and safekeeping of the securities deposited with it and that Wiener Privatbank shall be informed immediately of any seizure by third parties of, or any other enforcement measures taken with respect to, the deposited securities and (3) that the foreign custodian shall not have the right, without the prior consent of the Austrian custodian bank, to entrust the physical custody of the deposited instruments to a third party or to transfer these instruments to another foreign country (three-point declaration).

Should a custodian cite statutory reasons for being unable to make such warranties, Wiener Privatbank shall obtain a legal expert opinion on the statutory requirements that prevent such warranties being made

Where depositories of Wiener Privatbank cause loss or damage, Wiener Privatbank shall be liable for the third-party custodian's fault in the same extent as for its own fault (section 1313a Austrian Civil Code), unless explicitly agreed otherwise or unless the securities are held in custody with a specific third-party custodian upon the client's explicit instruction. Liability to non-consumers is limited to liability for lack of due care and diligence in selecting third-party custodians.

Unless Wiener Privatbank is liable to its clients in any case, it shall assert claims under the custodian agreements vis-à-vis its custodians and pass on, on a pro-rata basis, any damages payments received to the clients affected by the loss or damage.

### **Client funds in foreign currency**

Where Wiener Privatbank, through holding client funds in foreign currency, suffers loss or damage not attributable to its own fault, the holders of account balances in said currency shall be liable on a pro-rata basis, up to the full amount of their account balance.

### **Use of funds and securities**

Any decisions on what to do with the deposited securities and funds shall be made exclusively by the client or by Wiener Privatbank on the basis of an authorisation explicitly granted by the client or on the basis of collateral arrangements.

In this context, Wiener Privatbank would like to point out that, under its General Terms and Conditions, Wiener Privatbank has security interests, liens, and offsetting rights in respect of the securities or funds held for a client for the purpose of securing any claims as may arise to it from the business relationship with that client.

Before an order involving control of deposited securities or funds is executed, the identity and power of representation of the person placing such order are carefully verified to avoid any misuse of deposited assets.

We would like to point out that Wiener Privatbank will not use the assets held on behalf of its clients for its own account or for the account of another client unless the client in question has explicitly consented to such use being made at terms and conditions agreed upon in advance.

In the event of an insolvency of Wiener Privatbank, the (securities) account holders may only operate their accounts, security accounts or account balances subject to prior approval by the court. Any claims for the release of the securities or funds held must be filed with the competent court handling the insolvency proceedings.

For more details on what happens in a bank insolvency as well as on investor compensation and deposit guarantee schemes, please refer to chapter 9.

### 3. Information on client classification

When it comes to investor protection, WAG 2018 distinguishes between different client categories:

#### Retail client

This group of clients enjoys the highest protection level. Before executing any orders, investment services providers must, as a rule, verify whether the transaction is suitable and/or appropriate for a retail client. Clients who, under the applicable statutory provisions, are not categorised as professional clients or eligible counterparties are automatically categorised as retail clients.

#### Professional client

With this group of clients, one may proceed on the assumption that they have sufficient experience, knowledge and expertise to be able to adequately assess the risks and opportunities associated with an investment. Unless classified as eligible counterparty under a contract or agreement, the following entities are considered to be professional clients:

- a) Institutional investors
  - a. Financial institutions, including credit institutions and investment firms
  - b. Insurance companies
  - c. Collective investment schemes and management companies of such schemes
  - d. Commodity and commodity derivatives dealers
  - e. Local firms pursuant to Article 4(1)(4) of Regulation (EU) No. 575/2013
  - f. Other institutional investors
- b) Undertakings meeting at least two of the following size requirements on a company basis:
  - a. Balance sheet total of at least EUR 20 million,
  - b. Net turnover of at least EUR 40 million,
  - c. Own funds of at least EUR 2 million.
- c) National and regional governments, including public bodies that manage public debt at national or regional level
- d) Central banks as well as similar international and supranational organisations (e.g. the IMF, the EIB, the World Bank, etc.).

Retail customers may request reclassification as professional customers (on request).

Once in receipt of the request, the credit institution assesses whether the prerequisites for reclassification are met.

In this assessment, the credit institution evaluates the customer's expertise, experience and/or knowledge to obtain reasonable assurance that, in light of the nature of the transactions or services envisaged, the customer is capable of making their own investment decisions and understand the risk involved.

If the credit institution's assessment establishes that at least two of the following criteria have been met, the retail customer may be considered a professional customer (on request) provided the written procedure for reassignment to a higher classification provided for in the Austrian Securities Supervision Act (WAG) is followed:

- a) the customer has carried out transactions, in significant size (totalling at least EUR 15,000), at an average frequency of 10 per quarter over the previous four quarters in the markets relevant for the respective transactions;
- b) the customer has liquid funds and financial instruments with a value totalling over EUR 500,000;
- c) the customer, or, in the case of a legal person, the entity authorised to perform transactions on behalf of the legal person, works or has worked in the financial sector for at least one year in a position requiring knowledge of the transactions or services envisaged;

It is for the credit institution to decide on the reclassification of the customer and the associated reduction in protection.

**Eligible counterparty**

For this group of clients, transactions are brokered or executed at a high professional level, i.e. largely without any statutory conduct of business rules being applied.

With a few exceptions, Wiener Privatbank may classify professional clients as eligible counterparties. Such classification as eligible counterparty is contingent on the potential counterparty's explicit consent.

**Reclassification options**

A professional client may, upon request, be treated as eligible counterparty, provided that the applicable statutory prerequisites pursuant to WAG 2018 are fulfilled.

Without prejudice to the above, Wiener Privatbank has the right to treat a client as either (a) professional client or retail client, if the client were eligible to be classified as eligible counterparty under WAG 2018, or (b) retail client, if the client has been classified as professional client under WAG 2018.



## 4 Information on the provision of investment services

Along with other investment services, Wiener Privatbank offers above all non-independent investment advice, portfolio management as well as the execution and brokering of client orders in relation to financial instruments.

The services Wiener Privatbank SE ("WPB") provides to a customer are determined by the individual contractual agreement entered into. Where no investment advice is agreed between WPB and a customer, Wiener Privatbank executes the customer's orders under the designation *non-advisory transactions* ("beratungsfreies Geschäft") subject to an assessment of the appropriateness of the order placed. Wiener Privatbank does not offer "execution-only" services where the transaction is executed without any assessment.

### Investment advice and portfolio management

Investment advice is the providing of a personal recommendation to an investor or potential investor, or to an agent for an investor or potential investor. The recommendation must constitute a recommendation to take one of the following sets of steps:

- a. to buy, sell, subscribe for, exchange, redeem, hold or underwrite a particular financial instrument;
- b. to exercise or not to exercise any right conferred by a financial instrument to buy, sell, subscribe for, exchange, or redeem a financial instrument.

Portfolio management means that Wiener Privatbank manages one or more portfolios, containing at least one financial instrument, for individual clients. Such management activities are based on a power of attorney granted by the client which gives Wiener Privatbank discretion to manage individual portfolios based on investment policies agreed in advance.

### Non-independent investment advice

Wiener Privatbank is not an "independent" investment advisor within the meaning of sections 50 and 53 WAG 2018.

Even though Wiener Privatbank endeavours to offer as broad a range of products as possible, it cannot be ensured that the number and diversity of the financial instruments being analysed will, at all times, be sufficiently representative of the financial instruments available on the market and in an appropriate proportion to the advice being offered.

Furthermore, the advice provided will include financial instruments issued by Wiener Privatbank itself or by entities with which it has a close legal or commercial relationship. For this reason, it cannot be ensured that the selection of any products being recommended will always be unbiased. This conflict of interests is counteracted in particular by the bank's remuneration principles, which ensure that its staff and agents do not receive inducements or advantages for selling proprietary products.

Also, no test is made to ascertain whether the number of financial instruments issued by Wiener Privatbank itself or entities closely associated with it is proportionate, considering the total number of products analysed.

Therefore clients are hereby informed pursuant to section 48 WAG 2018 that the investment advice provided is not based on a comprehensive, but instead on a limited analysis of different types of financial instruments.

### Equivalence test

Before Wiener Privatbank recommends a product to its clients, it checks whether equivalent financial instruments can be offered which, while offering the same level of risk and opportunity, are less complex and more favourable in terms of costs.

### Diversification

To check whether a client portfolio is sufficiently diversified, Wiener Privatbank matches the portfolio against the total assets as disclosed by the client and not just against those assets that a client has invested with Wiener Privatbank. For this reason, the success of investment advice depends to a large extent on the information supplied by clients being complete and accurate.

Securities held in joint securities accounts will be included in diversification tests only upon the client's explicit request.

Investments in securities held in joint securities accounts will be considered separately and individually.

## Suitability test

Before providing investment advice or portfolio management services, Wiener Privatbank must obtain the following information from the client:

- a. Information regarding the client's knowledge and experience in the investment field relevant to the specific type of products or services,
- b. Information regarding the client's financial situation including the client's capacity for loss,
- c. Information regarding the client's investment objectives, including risk tolerance.
- d. Information about the sustainability preferences of the client.

Based on the information supplied by the client, Wiener Privatbank draws up a client profile which then serves as the basis for Wiener Privatbank proposing a suitable composition of securities investments by different asset classes (money market, bonds, equities, structured products, etc.) and makes recommendations to buy, sell or hold financial instruments.

If a client already has securities investments at the Wiener Privatbank, the composition of such investments by asset classes will be included in the advice.

## Statement on suitability

Clients who, under WAG 2018, fall within the retail client category and to whom Wiener Privatbank provides investment advice will, following completion of such advice, be provided with a statement on suitability on a durable medium ("suitability statement"). In such suitability statement, Wiener Privatbank must explain how the investment meets the client's preferences, objectives and other characteristics of the retail client. Where portfolio management is concerned, retail clients will receive such suitability statement at least once per year.

Where an agreement between Wiener Privatbank and a client to buy or sell a financial instrument is concluded using a means of distance communication which prevents the prior delivery of the suitability statement, Wiener Privatbank may provide the written statement on suitability on a durable medium immediately after the client is bound by any agreement, provided the following conditions are met:

1. The client has consented to receiving the suitability statement without undue delay after the conclusion of the transaction; and
2. WPB has given the client the option of delaying the transaction in order to receive the suitability statement in advance.

## No ongoing investment advice

Our investment advice towards retail clients ends with the recommendation of one or more suitable financial instruments and/or the delivery of the suitability statement. No regular or continuous assessment of investment suitability (follow-up advice) is being provided.

If the client is not willing to disclose to Wiener Privatbank all the information it needs to carry out a suitability test or if Wiener Privatbank arrives at the conclusion that no financial instrument meets the client's objectives and requirements, it is not allowed to make any recommendation. Such circumstances will likewise put an end to the provision of investment advice. Clients will be informed of the outcome of any investment advice activities.

Clients may also instruct Wiener Privatbank to buy or sell specific financial instruments without having obtained investment advice. In this case Wiener Privatbank will execute such transactions as non-advised transactions.

## Non-advised transactions

Before executing the order in a non-advisory transaction ("beratungsfreies Geschäft"), Wiener Privatbank is obliged to carry out an assessment. In this assessment, Wiener Privatbank verifies whether the product is suitable for the customer based on the customer's knowledge and experience in investment with respect to the specific type of product offered or requested by the customer.

Wiener Privatbank does not conduct any assessment to establish whether the customer's investment decision is suitable. In non-advisory business, the target market criteria are not subject to any full review. The assessment merely establishes whether a target market is negative based on the customer category (retail customer, professional customer, eligible counterparty) and/or the sales channel (investment advice, non-advisory business or execution-only). If the target market is negative based on both these criteria, Wiener Privatbank warns the customer.

The assessment does not establish whether a service or a financial instrument is suitable for the customer's investment targets, risk-bearing capacity and risk tolerance. Financial instruments offered by Wiener Privatbank at the customer's request without any personal recommendation (advice) are not assessed to establish whether they are in line with a customer's investments targets, financial situation and risk tolerance.

### **Execution only**

Wiener Privatbank SE does not offer this selling strategy.

### **Client's obligation to furnish information**

The success of any investment advice or portfolio management activity depends to a large extent on the information Wiener Privatbank receives from its clients for the purposes of drawing up an investor profile being complete, reliable and up-to-date.

Wiener Privatbank would like to point out that information which must be obtained from clients for providing investment advice or for non-advised transactions is retrieved by means of a self-assessment by the client and that Wiener Privatbank has the right to rely on the information furnished to it by clients or potential clients, unless it knows or would need to know that such information is obviously outdated, incorrect or incomplete.

Wiener Privatbank will carry out only a plausibility check on the information collected. Clients are asked to notify to Wiener Privatbank without undue delay of any changes to their circumstances (such as changes in the financial situation or in maintenance obligations, loss of employment, etc.).

### **Reports**

Wiener Privatbank provides the client with the following reports on the services provided on a durable medium.

#### Statement on suitability

When providing investment advice to retail clients, Wiener Privatbank will, before the transaction is made, provide the client with a statement on suitability on a durable medium, specifying the advice given and how that advice meets the preferences, objectives and other requirements and characteristics of the client.

Where the agreement to buy or sell a financial instrument is concluded using a means of distance communication, prior delivery of the suitability statement is not possible. Wiener Privatbank will draw the client's attention to this fact and give the client the opportunity to either postpone the transaction or to receive the written statement on suitability on a durable medium immediately after execution of the order.

#### Portfolio management

When portfolio management services are provided, retail customers receive a quarterly report with information on the portfolio, especially about the transactions performed. In addition, the customer receives a notification once the portfolio's total volume declines by 10%.

#### Order execution

In addition, clients will receive a confirmation of order execution once an order for a financial instrument has been executed.

**Securities transactions**

Where Wiener Privatbank holds sums of money or securities for its clients, the assets held in the client's name will be listed in an account or securities account.

Clients can request an up-to-date (securities) account statement at any time during the disclosed bank opening hours. In addition, clients will get a (securities) account statement delivered on a quarterly basis.

Wiener Privatbank will also provide its clients with a quarterly report specifying where the client's securities or sums of money may be held by a third party in the name of Wiener Privatbank (third-party custody) and detailing Wiener Privatbank's liability, if any, as well as the risks arising in connection with third-party custody.

Where third-party custody takes the form of a collective (securities) account, or where the client's assets are subject to the legal rules and regulations of a country outside

The European Union, or where it is not possible to ensure a segregation of the accounts between the involved banks' own assets and client assets, a warning to that effect will be included in the report.

**Cost breakdown**

Wiener Privatbank provides an annual overall breakdown of costs and ancillary costs incurred for investment services rendered and transactions made in respect of all financial instruments.

## 5. General disclosure of risks

### Warnings

The following basic rules are meant to provide a warning while at the same time helping clients to identify and keep investment risk within defined limits.

Key factors to take into account when investing in financial instruments:

- Risk-reward ratio: With each and every investment, the potential reward is a direct function of the risk involved. The higher the potential reward or return, the higher the risk will be as well.
- Avoid putting all your eggs in one basket. Investing in several different instruments can help reduce the risk of the overall investment (principle of risk diversification or risk spreading).
- Past performance is no reliable indication of future performance.
- Simulations, scenario analyses and other forecasts of future performance are not a reliable indicator for future results.
- Market price movements do not always follow reason. Irrational factors (sentiment, speculation, expectations, rumours) may also have an impact on prices and, consequently, the return on your investment.
- Costs and taxes payable for a product reduce the yield. Each client is responsible for making sure to pay the appropriate taxes on their investments. The bank is not permitted to advise on tax matters outside the scope of the investment advice it provides.

The following factors are important in determining liquidity risk:

A product is deemed to be illiquid if it is not admitted to trading on a secondary market and if no adequate liquidity facility exists, such as a market maker's commitment to offer binding buy and sell prices for the product.

A product is deemed to be exposed to significant liquidity risk if one of the following criteria applies:

- a) The product is admitted to trading on a secondary market but there is no adequate liquidity facility available resulting in liquidity being dependent on there being buyers and sellers on the secondary market, it being understood that regular trading in a product at any given time does not constitute a guarantee that regular trading in the same product will be possible at any other point in time;
- b) The product's liquidity is contingent on the liquidity of an underlying with significantly less liquidity than the product itself;
- c) Divestment (e.g. early termination) may be linked to sizable obstacles, such as discounts, contractual penalties.

### Sustainability risks

Sustainability risk describes an event or a condition in the environmental, social or corporate governance area. The occurrence could actually or potentially have a negative material impact on the value of the investment. Climate risks are also part of sustainability risks.

Climate risks include all risks that arise due to climate change or that are exacerbated as a result of climate change. A distinction is made here between physical risks and transition risks.

Physical risks of climate change appear directly from the consequences of climate change, e.g. increase in global average temperature, more frequent natural disasters and extreme weather events such as floods, periods of heat / drought, storms and hail.

Transition risks arise as a result of the transition to climate-neutral and resilient economy and society and can thus lead to a devaluation of assets such as changes in political and legal framework conditions in the real economy (introduction of a CO<sub>2</sub> tax, changes in building regulations and zoning, etc.), technological developments (e.g. renewable energies) and changes in consumer behaviour.

These risks can affect the value and performance of investments of all categories (stocks, bonds, mutual funds...).

## **Inflation risk**

The term inflation describes a general increase in prices on the market. If the price level rises in an economic system, purchasing power falls, which leads to a loss of value of capital assets. Such a price increase is expressed as a percentage of the inflation rate or of an absolute value in a price index. The price increase can refer to a specific market segment and a specific time period.

A well-known inflation indicator in Europe is, for example, the Harmonised Index of Consumer Prices (HICP), which refers to certain goods and services purchased by private households.

Inflation risk is the risk that the value of a capital asset will decline due to the loss of purchasing power caused by price increases on the market. Since the price level is influenced by many factors, it is not possible to predict how high inflation and consequently the loss in value will be in certain periods of time.

**To compensate for inflation, wages, salaries, pensions, etc. are usually adjusted annually to maintain purchasing power. Investors invest their capital assets in various investment options, such as savings books, bonds, funds, etc., in order to compensate for the loss in value due to inflation best possible through interest, dividends and similar income distributions.**

## **Risk and opportunity with specific investment products**

Below, you will find a description of various investment products and the risks and opportunities associated with each of them.

Risk is the failure to achieve an anticipated return on the capital invested and/or the loss of all or part of the invested capital. Such risk may be due to a variety of causes, depending on the specific nature of the product concerned. Such causes may be inherent in the product, the markets, or the issuer. Since risks are not always foreseeable, the following discussion must not be considered to be exhaustive. In any case, investors should pay particularly close attention to any risk related to the credit standing of the issuer of a product, which is different in each individual case.

While the description of the investment products is based on standard product features, it is the specific nature of the individual product that is crucial. For this reason, the following description cannot replace a thorough review of the specific product by the investor.

### **1. General investment risks**

#### Currency risk

With transactions in foreign currencies, the return on and performance of an investment depends not only on the local yield of the instrument in the foreign market, but also heavily on how the exchange rate of the respective foreign currency develops relative to the investor's reference currency (e.g. the euro). Exchange rate fluctuations may increase or decrease the return and value of the investment.

#### Transfer risk

Depending on the country involved, transactions involving foreign countries (e.g. foreign debtors) pose the additional risk that political or exchange-control measures may complicate or even prevent the realisation of the investment. Order processing and settlement may also give rise to problems. With foreign-currency transactions, such measures may also jeopardise the free convertibility of the currency.

#### Country risk

The country risk corresponds to the credit risk of a given country. The political or economic risk posed by a country may have negative consequences for all counterparties based in this country.

#### Credit risk

Credit risk refers to the possibility of counterparty default, i.e. the inability of the other party to a transaction to meet obligations such as dividend payments, interest payments, repayment of principal when due or to meet such obligations for full value. Also referred to as counterparty risk or issuer's risk. So-called ratings are used to assess this type of risk. A rating is a scale used to grade an issuer's credit standing. Rating agencies assign the ratings, paying particular attention to credit and country risk. The rating scale ranges from AAA (best credit rating) to D (worst credit rating). However, many issuers do not have any rating at all.

#### Interest rate risk

The risk that losses will be incurred as a result of future interest rate movements in the market. Over the term of maturity of a fixed-interest bond, a rise in interest rates will cause its market price to drop whereas a fall in interest rates will cause its price to rise.

#### Price risk

The risk of adverse movements in the value of individual investments. In the case of transactions creating obligations (e.g. foreign exchange forwards, futures, writing of options), this risk may make it necessary to provide collateral (post a margin) or to put up further margin, which means tying up liquidity.

#### Risk of total loss

The risk that an investment may become completely worthless, e.g. due to it being devised as a right limited in time. Total loss is likely to occur, in particular, when the issuer of a security is no longer capable, for economic or legal reasons, of meeting its payment obligations (insolvency).

#### Buying securities on credit

Buying securities on credit entails an increased risk. The credit raised must be repaid irrespective of whether the investment is a success or not. What is more, the costs of obtaining credit will reduce the yield.

#### Placing of orders

Buy or sell orders placed with Wiener Privatbank must specify, at least, what type of investment is to be bought or sold in which quantity/amount at what price and over what period of time.

**Price limit:** By placing buy or sell orders with the instruction "at best" (no price limit) added, you accept any potential price, which makes the amount of capital to be invested / the proceeds of a sale uncertain.

With a buy limit, you can put a cap on the purchase price and thus the amount of capital employed; no purchases will be made above the price limit. A sell limit stipulates the lowest acceptable selling price; no deals will be carried out below this price limit.

**Important note:** A stop market order will not be executed until the price formed on the stock exchange reaches the selected stop limit. Once activated, the order will be treated as an "at best" order, i.e. without a limit. The price actually obtained may therefore differ significantly from the selected stop limit, especially in the case of securities on a thin or narrow market.

#### Time limit:

You can set a time limit for the validity of orders. With respect to time limits, please also note the information provided under "Types of orders" and "Good-for orders". Your account manager will be glad to inform you about any further instructions you can add to your order.

#### Guarantees

The term guarantee may have a variety of meanings. On the one hand, it is understood to mean the commitment made by a third party other than the issuer to ensure that the issuer's liabilities will be met. On the other hand, it may refer to a commitment made by the issuer itself to perform a certain action or make a specific payment regardless of the trend exhibited by certain indicators that would otherwise determine the amount of the issuer's liability. Guarantees may also apply to a wide variety of other circumstances. Capital guarantees are usually enforceable only at the end of the term (repayment or redemption), which is why price fluctuations (price losses) may well occur before maturity. The quality of a capital guarantee depends to a significant extent on the guarantor's credit standing.

#### Tax considerations

Upon request, your account manager will gladly provide you with information on the general fiscal aspects of the various investment products, it being understood that these may be subject to change in the future. You should consult your tax adviser to discuss and assess the effects of an investment on your personal tax situation. Always keep in mind that even once assessed, the tax situation may be subject to change in the future.

#### Risks on stock markets, especially on minor markets (e.g., Eastern Europe, Latin America, etc.)

With many of these stock exchanges, there are no direct lines of communication, i.e. all orders must be forwarded by telephone, which may lead to errors or delays. In some minor stock markets, it is generally not possible to place limited buy and sell orders. Therefore, limited orders can only be placed after consulting with the broker on site by telephone, which may lead to delays. In certain cases, such limits may even be ignored. In some of these stock markets it is difficult to obtain current prices on an ongoing basis, which makes an up-to-date assessment of existing client positions difficult.

If securities are no longer quoted on the stock exchange where they were bought, it may no longer be possible to sell them there. A transfer to another stock market may also cause problems. Opening hours at some of these exchanges are far from Western European standards. Short trading hours of only three or four hours per day can lead to bottlenecks or failure to process orders for equities



## 2. Bonds / debt securities / annuities

### Definition

Bonds (= debt securities, annuities) are financial instruments where the issuer (debtor) undertakes to pay interest to the holder (= creditor, buyer) for the funds received and to repay them according to the terms of the bond. Apart from these bonds in the narrower sense of the term, there are debt securities the characteristics of which differ substantially from those described above and the definitions provided below.

Please refer in particular to the debt securities described in the "Structured Products" section. Especially in this context, it is not the designation as a bond or debt security that determines product-specific risk but rather the actual nature and characteristics of the product.

### Return

The return (yield) of a bond is primarily the interest paid on the capital invested and the difference between the purchase price and the price that can be obtained when selling or redeeming it. The return can, therefore, only be anticipated if the bond is held to maturity. With variable interest rates, the return on a bond cannot be predicted at all. Yield (at maturity) is used as an indicator for the return on bonds; it is calculated according to established international standards. If a bond offers a return that is substantially higher than that of other bonds with similar maturity, there will be specific reasons, such as higher credit risk.

The price obtained when selling a bond prior to redemption is uncertain. Consequently, the return may be higher or lower than the yield calculated initially. When calculating the return, it is important to also take into account any costs and fees that have to be paid.

### Credit risk

There is always a risk that debtors will default on all or part of their obligations, due to, for example, insolvency. Therefore, when making your investment decision, you always need to take the debtor's credit standing into consideration as well. An indication for assessing the debtor's credit standing may be the rating assigned by an independent rating agency if such rating exists, which is not necessarily the case. AAA or Aaa means an excellent credit rating (enjoyed, e.g. by Austrian government bonds). The lower the rating (e.g. B or C), the higher the credit risk. However, by way of compensation these instruments generally pay a higher interest rate (risk premium) given the higher default risk (credit risk) of the debtor. Investments with a credit rating of BBB (or comparable) or higher are referred to as investment grade, others as non-investment grade.

### Price risk

If a bond is held to maturity, you will receive the redemption price as stated in the bond terms. Please be aware of the risk that the issuer may call in the bond early, to the extent provided for under the terms of issue. If you sell a bond prior to maturity, you will receive the current market price. The market price is determined by supply and demand, which depend, among other things, on the current interest rate level. In the case of fixed-interest bonds, for example, prices will drop if interest rates for comparable maturities rise; conversely, bonds will gain in value if interest rates for comparable maturities fall. A change in the debtor's credit rating may also affect the market price of a bond. When the interest rate curve is levelling out or flat, the price risk of bonds whose interest rates are aligned to capital market interest rates is markedly higher than that of bonds whose interest rates depend on money market interest rates. The measure of the sensitivity of a bond's price to interest rate movements is called duration. Duration depends on the bond's remaining term to maturity. The greater the duration, the stronger a change in general interest rates will impact the price, either in a positive or in a negative way.

### Liquidity risk

The tradability of bonds depends on a variety of factors, e.g. issue volume, remaining term to maturity, stock exchange practices, and market situation. It may be difficult or impossible to sell a bond under certain circumstances, in which case it must be held to maturity.

### Bond trading

Bonds are either traded on a stock exchange or over the counter (OTC). Your bank will usually be able to provide you with a

bid and ask price for specific bonds upon request. There is no guarantee, however, that bond trades can always be executed. For bonds which are traded also on the stock market, the prices quoted on the stock exchange may vary substantially from over-the-counter prices. Adding a limit will cap the risk of weak trading.

Specific types of bonds

**Tier 2 bonds:** These are special subordinated bonds issued by Austrian banks which pay interest only if the bank has posted sufficient net profit for the year (prior to changes in reserves). Repayment of the principal prior to liquidation is subject to pro-rated deduction of the net loss accruing throughout the term of the Tier 2 bond.

**Tier 3 bonds:** In the event of the bond issuer's liquidation or insolvency, the investor will receive money only once all other, non-subordinated liabilities of the bond issuer have been settled. It is not possible to offset the redemption claim arising out of Tier 3 bonds against claims by the bond issuer. Your account manager will be happy to inform you about further special types of bonds, such as bonds-cum-warrants, convertible bonds, zero-coupon bonds, etc.

### **Secured and unsecured bond**

Classic senior bonds are considered first-ranking claims that are serviced first in the event of the issuer's (debtor's) insolvency. This means that investors (creditors) with these securities have a higher chance of recovering their invested capital in such an insolvency case than investors who have invested, for example, in subordinated bonds or equity-related securities of the issuer.

Bonds may be secured or unsecured. Secured bonds are in a better position than unsecured bonds because certain assets are earmarked to cover them in the event of the issuer's insolvency. On the other hand, they have a lower chance of yield compared to unsecured bonds.

### 3. Shares (stock, equities)

#### Definition

Shares (stock, equities) are securities that securitise an equity interest in a public limited company or corporation. The main rights of shareholders are participation in the company's profits and the right to vote at the annual general meeting (exception: preference shares).

#### Return

The return on an investment in shares (equities) is composed of dividends and the price gains/losses of the share and cannot be predicted with any certainty. The dividend is the company's profit distributed upon resolution of the annual general meeting. The dividend amount is either indicated in absolute terms per share or as a percentage of the nominal value. The return obtained from the dividend relative to the share price is called dividend yield. As a rule, the dividend yield is substantially lower than the dividend expressed in percentage points. The greater part of the return from investments in shares usually derives from the performance of the share value/price (see price risk).

#### Price risk

Shares are securities that are usually traded on stock exchanges. Normally, the price is determined daily on the basis of supply and demand. Investments in shares may lead to substantial losses; in the worst case a total loss can occur.

In general, the price of a share performs in accordance with the economic performance of the company and is influenced by the general economic and political situation. Irrational factors such as sentiment or speculation may also have an impact on the share price and, consequently, the return on the investment.

#### Credit risk

As a shareholder, you have a stake in a company. Your investment may be rendered worthless by the company's insolvency.

#### Liquidity risk

Trading in thinly traded instruments (especially those quoted on unregulated markets or traded over the counter) may be a problem. Also, if a share is quoted on several exchanges, tradability in different international market places may vary (e.g. a US stock listed in Frankfurt).

#### Share trading

Shares are traded on a stock exchange and sometimes over the counter. When shares are traded on an exchange, the rules and practices (units of trading, order types, contract settlement, etc.) of the relevant exchange have to be complied with. If a share is listed on several stock exchanges in different currencies (e.g. a US share listed in EUR on the Frankfurt Stock Exchange), the price risk also incorporates a currency risk. Please contact your account manager for further details. When buying a share on a foreign exchange, please bear in mind that foreign exchanges always charge "third-party fees" that accrue in addition to the bank's usual fees. Your account manager will be glad to advise you on the exact amount of such fees.

## 4. Investment funds

### a. Austrian investment funds

#### General information

Certificates representing shares or units of Austrian investment funds (investment certificates) are securities that securitise co-ownership in an investment fund. Investment funds invest the money provided by investors in accordance with the principle of risk diversification. The three basic types of investment funds are bond funds, equity funds and balanced funds, which invest both in bonds and shares. Funds may invest in Austrian and/or foreign instruments. Austrian investment funds invest not only in securities, but also in money market instruments, liquid financial investments, derivatives and investment fund shares. Investment funds may invest in foreign and domestic instruments. Moreover, funds are divided into distributing funds, non-distributing funds and funds of funds (FoF). Unlike a distributing investment fund, a non-distributing fund accumulates returns and reinvests them in the investment fund. Funds of funds, on the other hand, invest in other Austrian and/or foreign funds. Guarantee funds are based on binding commitments issued by a guarantor (appointed by the fund's management company) relating to distributions over a pre-defined period, repayment of the invested principal, or performance.

#### Return

The return on investment funds is composed of the annual distributions (provided the fund is a distributing one) and the change in the fund's net asset value; it cannot be determined beforehand. The performance depends on the investment policy defined in the fund rules and the market performance of individual asset components of the fund. Consequently, depending on the fund's composition, either the risk information for bonds, shares or warrants has to be taken into account as well.

#### Price/valuation risk

Investment fund shares or units can usually be returned at the repurchase price at any time. In exceptional circumstances, repurchasing may be temporarily suspended until the disposal of fund assets and receipt of the proceeds has been completed.

Your account manager will be happy to inform you about any fees charged and the execution date of your buy and sell orders.

The term of an investment fund is defined in the fund rules and is usually unlimited. Please keep in mind that, unlike bonds, there is usually no redemption date for shares or units of investment funds and hence no fixed redemption price, either. As already mentioned, the risk associated with investing in a fund depends on the investment policy and market performance. Losses cannot be ruled out. Although shares in investment funds can usually be returned at any time, these funds are investment products that typically make economic sense only if held over an extended period of time. Like shares (equities), funds can be traded on exchanges. The prices formed on an exchange may differ from the redemption price. In this context, please refer to the risks associated with shares (equities) for more details.

#### Tax effects

The fiscal treatment of investment fund returns varies according to the type of investment fund.

### b. Foreign

Foreign investment funds are subject to foreign legislation, which may substantially differ from the provisions applicable in Austria. Supervisory or regulatory law, in particular, may be less strict than in Austria. Outside Austria, there are also closed-end funds and/or funds set up under stock corporation law, the value of which - similar to the pricing of stock - depends on demand and supply rather than on the intrinsic value of the fund. Regardless of their legal form, the distributions and distribution-like proceeds from foreign investment funds (e.g. non-distributing funds) may be subject to different tax rules.

### c. Exchange-traded funds

Exchange-traded funds (ETFs) are fund shares that are traded like equities on a stock exchange. An ETF generally represents a basket of securities (e.g., a basket of equities) that reflects the composition of an index, i.e. that tracks the index in one instrument through the securities contained in the index and their current weighting within the index.

#### Return

The return depends on the performance of the underlying assets in the basket of securities.

#### Risk

The risk is determined by the underlying assets in the basket of securities.

## 5. Real estate funds

### General information

Austrian real estate funds are special assets owned by an investment company that holds and manages the fund in trust on behalf of unit holders. The unit certificates securitise a contractual claim to participate in these assets. In accordance with the principle of risk diversification, real estate funds invest the money they receive from unit holders particularly in land, buildings, shares in real estate companies and similar assets, as well as in their own construction projects. They also hold liquid financial assets such as securities and bank deposits. These liquid assets serve to ensure that the real estate fund can meet forthcoming payment obligations (e.g. due to the acquisition of real estate) and repurchase unit certificates.

#### Return

From the unit holder's perspective, the total return on real estate funds is composed of the annual distributions (provided the fund is a distributing one) and the change in the fund's net asset value; it cannot be determined beforehand. The performance of real estate funds depends on the investment policy defined in the fund rules, the market performance, the individual real properties held in the fund and other asset components of the fund (securities, cash on deposit). Past performance of a real estate fund is not indicative of its future performance.

Among other factors, real estate funds are subject to a return-related risk on account of potential vacancies in the buildings. Particularly with the fund's own construction projects, it may be difficult to find first-time tenants. Later on, vacancies may have a negative impact on the value of the real estate fund and even lead to reduced distributions. Investing in real estate funds may also result in partial loss of the invested capital. Real estate funds hold liquid funds not only on bank accounts, but also invest them in other instruments, including, without limitation, interest-bearing securities. These fund assets are therefore exposed to the specific risks inherent in the selected form of investment. When real estate funds invest in foreign projects outside the euro zone, the unit holders are also exposed to currency risks, since the market value and return on such foreign property will have to be converted to euros every time the issue price or repurchase price of the unit certificates is calculated.

#### Price/valuation risk

Unit certificates can usually be returned at the repurchase price at any time. Please bear in mind that real estate funds may have constraints on the repurchase of unit certificates. In exceptional circumstances, repurchasing may be temporarily suspended until the disposal of fund assets and receipt of the proceeds has been completed. In particular, the fund rules may stipulate that following the return of a large number of unit certificates, redemption may be postponed for an extended period of up to two years. In such cases, the repurchase price will not be paid out during that period. Real estate funds are typically classified as long-term investment projects.

## 6. Warrants

### Definition

Warrants are non-interest bearing and non-dividend-paying securities that entitle the holder to buy (call warrants) or sell (put warrants) a certain underlying asset (e.g. shares) at a price specified in advance (exercise or strike price) at a defined point in time or during a defined period of time.

By acquiring a warrant, the holder of a call warrant has secured the purchase price of the underlying asset. A return can be obtained if the market price of the underlying asset (less the price for buying the warrant) is higher than the strike price you have to pay. You can then buy the underlying asset at the strike price and resell it immediately at the current market price. An increase in the price of the underlying asset will usually lead to a proportionately higher increase in the warrant price (leverage effect). Consequently, most warrant holders achieve a return through selling the warrant. Inversely, the same applies to put warrants: their price usually rises when the price of the underlying asset declines. The return on warrant investments cannot be determined in advance. The maximum loss is limited to the amount of capital invested.

### Price risk

The risk inherent in warrants is that, by the time a warrant expires, the underlying may not have performed as you anticipated when you bought the warrant. In the worst case, the entire capital you invested may be lost. The price of a warrant depends also on other factors, the most important being the following:

- Volatility of the underlying asset (a measure of the fluctuation margin of the underlying asset anticipated at the time of purchase and, simultaneously, the most important input for determining the fairness of the warrant price). High volatility generally implies a higher price for the warrant.
- Maturity of the warrant (the longer the maturity of a warrant, the higher the price).

A decline in volatility or diminishing time to maturity may cause the price of a warrant to remain unchanged or fall – even though the underlying asset performed as you expected.

We generally advise against the purchase of warrants that are close to expiration. Buying warrants with high volatility makes your investment more expensive and is therefore highly speculative.

### Liquidity risk

Warrants are usually issued only in small quantities, which increases the liquidity risk for investors. Because of this, individual warrants may be subject to particularly substantial price fluctuations.

### Warrant trading

Warrants are traded mostly over the counter (OTC). Normally, there is a gap between the bid price and the ask price. This difference has to be borne by you. When trading warrants on stock exchanges, it is important to remember that the liquidity is frequently very low.

### Warrant terms

Warrants do not have standardised terms. It is therefore imperative to obtain full information on the exact terms and conditions of a warrant, in particular:

Style of exercise: Is the option right exercisable at any time during the option's life (American option) or only upon expiration (European option)?

Subscription ratio: How many warrants are needed to obtain the underlying asset?

Exercise: Delivery of the underlying asset or cash settlement?

Last trading day: This date is often some time before the expiration date, so that it cannot be taken for granted that the warrant can be sold at any time until the expiration date.

## 7. Structured products

“Structured investment instruments” are investment instruments whose return and/or capital redemption is variable and depends on certain events or developments in the future in most cases. Moreover, such investment instruments may be designed in such a way that the issuer may call them in early if the product reaches a previously set target; in some cases, they may even be called in automatically. You will find a description of the different product types below. We use generic terms to refer to these product types, but those terms are not used uniformly on the market.

Due to the numerous options of connecting, combining and paying out these instruments, manifold structures of investment instruments have evolved whose designation is not always consistent with the relevant structure. For this reason, it is always necessary to review the specific terms and conditions of each product. Your account manager will be happy to inform you of the various details of such investment instruments.

### Risks

If interest payments and/or income distributions have been agreed, they may be dependent on events or developments in the future (indices, baskets, individual shares, specific prices, commodities, precious metals, etc.) and may, therefore, not materialise at all or turn out to be lower than expected.

Repayments of principal may be dependent on events or developments in the future (indices, baskets, individual shares, certain prices, commodities, precious metals, etc.) and may, therefore, not materialise at all or turn out to be lower than expected. With respect to payments of interest and/or distributions as well as repayments of principal, it is necessary to take into account interest risk, currency risk, company risk, sector risk, country risk and credit risk (possibly no secured creditor rights or claims for separation and preferred recovery of assets in an insolvency) as well as tax risks.

The risks defined in paragraphs 1. through 3. above may cause strong price fluctuations (losses) during the term of the instrument regardless of any guarantees of interest, earnings, or repayment of principal; such risks may also make it difficult or impossible to sell the instrument before it reaches maturity.

#### a. Cash or share bonds

These consist of three components, the risk of which is borne by the bond buyer: The investor purchases a bond (the bond component) whose interest rate includes an option premium. This structure therefore provides a higher coupon than a comparable bond with the same maturity. The bond may be redeemed either in cash or in shares, depending on the performance of the underlying shares (share component). Bond buyers are thus writers of a put option (option component) selling to a third party the right to transfer shares to them; in so doing, they agree to accept the consequences if the share price changes in a direction that is contrary to their interests. Bond buyers bear the risk of price developments; in exchange, they receive a premium the amount of which essentially depends on the volatility of the underlying share. If the bond is not held to maturity, that risk is compounded by interest rate risk. A change in interest rates will affect the bond's price and thus the bond's net yield relative to its maturity. Please also see the risk disclosures on credit risk, interest rate risk, and price risk of shares.

#### b. Constant maturity swaps

These products, which are structured like debt securities, initially feature a fixed coupon. After the fixed-interest phase, the products are converted to a variable interest rate. The coupon, which is mainly presented as an annual rate, depends on the relevant general interest rates (e.g. interest rate curve). In addition, such products may involve target interest rate variants; i.e. if a predetermined target interest rate is reached, the product will be called in early.

**Return:** In the fixed-rate phase, investors generally obtain a higher coupon than with conventional bonds available on the market. In the variable-rate phase, investors have the opportunity of obtaining higher coupons than from fixed-interest bonds.

**Risk:** Before maturity, market-related price fluctuations may occur. Such fluctuations may prove substantial, depending on the interest rate trend.

### **c. Guarantee certificates**

When guarantee certificates reach maturity, they pay out the initial face value or a certain percentage thereof, regardless of the performance of the underlying security ("minimum redemption").

**Return:** As set forth in the terms and conditions of the certificate, the return that can be obtained through the performance of the underlying security may be subject to a maximum redemption price or other limitations on the extent to which the investor gets to benefit from the performance of the underlying asset. The investor is not entitled to dividends and similar distributions on the underlying.

**Risk:** Before maturity, the value of the certificate may fall below the agreed minimum redemption price. At maturity, however, the value will generally be at the level of the minimum redemption price. However, payment of the minimum redemption price depends on the issuer's credit standing.

### **d. Discount certificates**

With discount certificates, investors get to obtain the underlying security (e.g., the underlying share or index) at a discount off the current price (safety buffer), but in return their interest in the growth of the underlying security is limited to a certain ceiling (cap or reference price). At maturity, the issuer may, at their option, either redeem the certificate at the maximum value (cap) or deliver shares or, if the underlying security is an index, offer a cash settlement equal to the index value.

**Return:** The difference between the discounted purchase price of the underlying security and the price ceiling determined by the cap.

**Risk:** If the price of the underlying security falls sharply, shares are delivered once the instrument reaches maturity. (The equivalent value of the delivered shares will be below the purchase price at that time). Since you might get shares allocated, please take into account the risk disclosures pertaining to shares.

### **e. Bonus certificates**

Bonus certificates are debt securities that, subject to certain requirements, pay out at maturity a bonus or appreciated price of an underlying security (individual shares or indices) in addition to the nominal value. Bonus certificates have a fixed maturity. The terms and conditions of the certificate usually stipulate the payment of cash or delivery of the underlying security at maturity. The type and amount of redemption at maturity depend on the performance of the underlying security. Bonus certificates feature an initial level, a barrier below the initial level, and a bonus level above the initial level. If the underlying falls to the level of the barrier or below, the bonus is forfeited, and the certificate will be redeemed at the price of the underlying. Otherwise, the minimum redemption price is based on the bonus level. When the certificate reaches maturity, the bonus is paid out along with the amount initially paid for the nominal value of the certificate.

**Return:** With bonus certificates, investors acquire a money claim against the issuer for payment of an amount determined by the performance of the underlying security. The return depends on the performance of the underlying security.

**Risk:** The risk is determined by the underlying security. In the event of the issuer's insolvency, the investor has no secured creditor rights or claim for segregation and preferred recovery of assets with respect to the underlying security.

### **f. Index certificates**

Index certificates are debt securities (usually publicly quoted) that enable investors to participate in a certain index without having to own the securities contained in the index.



The underlying index is generally tracked on a 1:1 basis; changes in the relevant index are taken into account.

**Return:** With index certificates, investors acquire a money claim against the issuer for payment of an amount determined by the performance of the underlying index. The return depends on the performance of the underlying index.

**Risk:** The risk is determined by the underlying index. In the event of the issuer's insolvency, the investor has no secured creditor rights or claim for segregation and preferred recovery of assets with respect to the underlying securities.

#### **g. Basket certificates**

Basket certificates are debt securities that enable investors to participate in the performance of a specific basket of securities without having to own the securities contained in the basket. The composition of the underlying basket is up to the issuer.

The various securities included in the basket may be weighted equally or differently. The composition may be adjusted at specified times (e.g., annually).

#### **h. Knock-out certificates (turbo certificates)**

The term "knock-out-certificate" refers to a certificate that evidences the right to buy or sell a certain underlying asset at a certain price if the underlying fails to reach the specified price threshold (knock-out threshold) before maturity. If it does reach the threshold level, the certificate will expire early and most of the investment will generally be lost. Depending on the expected performance of the underlying, a distinction is made between knock-out long certificates, which expect a bull market, and knock-out short certificates, which are especially designed for bear markets. In addition to normal knock-out-certificates, "leveraged" knock-out certificates are issued as well, usually under the name of "turbo certificates" (or leverage certificates).

When the price of the underlying asset rises, the increase in the value of the turbo certificate will be disproportionately greater due to the leverage (turbo) effect; the same effect, however, occurs in the opposite direction when prices fall. Even small capital investments may earn high returns, but there is a higher risk of loss as well.

**Return:** A positive return can be earned if there is a favourable difference between the acquisition price or market price and the strike price (making it possible to buy the underlying at the lower strike price or to sell it at the higher strike price).

**Risk:** If the knock-out threshold is reached before maturity, the certificate either expires and becomes worthless or an estimated residual value is paid out (the product is "knocked out"). With certain issuers, the certificate will be knocked out as soon as the price reaches the knock-out level during the trading day (intraday). The closer the current market price is to the base price, the stronger the leverage effect. At the same time, however, the risk increases that the price will fall below the knock-out threshold and the certificate will either become worthless or the estimated residual value will be paid out.

#### **i. Spread certificates**

Spread certificates enable investors to participate disproportionately in the performance of the underlying security in expectation of a share price or index varying within a certain price range (spread) defined by a starting point and a stopping point.

**Return:** The potential return results from disproportionately participating in the performance of the underlying security.

#### **j. Twin win certificates**

When twin win certificates reach maturity, the issuer pays out a redemption price that hinges on the performance of the underlying instrument. The certificates come with a barrier.

If (as is generally the case) the price does not reach or breach the barrier of the twin win certificate before it matures, the investor shares in the absolute performance of the underlying instrument starting from the base price set by the issuer.

This means that even price losses of the underlying instrument may translate into gains on the certificate. If the price reaches or breaches the barrier of the twin win certificate prior to maturity, the certificate will be redeemed at a price at least equal to the current price trend of the underlying instrument.

A disproportionate share in the performance of the underlying instrument is possible above the base price (if the issuer so decides). There may be a limit on the maximum redemption price, however.

Return: If the price does not reach the barrier, investors can also profit from a negative performance of the underlying instrument, since they share in the absolute performance; price losses in the underlying instrument may thus translate into gains. Depending on various influencing factors (e.g. fluctuation margin of the underlying instrument, term to maturity, distance of the underlying instrument from the barrier), the certificate may respond more or less strongly to price fluctuations of the underlying instrument.

Risk: Twin win certificates are high-risk investment instruments. If the price of the securities underlying the twin win certificates changes unfavourably, all or much of the invested capital may be lost.

### **k. Express certificates**

An express certificate enables the investor to participate in the performance of the underlying instrument with the option of early redemption. Should the underlying meet the trigger criterion specified by the issuer on any given observation day, the certificate expires early and will be automatically redeemed by the issuer at the redemption price applicable on that date. If the underlying fails to satisfy the specified trigger criterion even on the last observation day, the certificate will be redeemed at the closing price, as established at maturity/on the last observation day, of the security underlying the certificate. In that case, if the issuer set a barrier at the start of the issue of the certificate and the price of the underlying instrument neither reaches nor breaches the barrier during the observation period, the certificate will be redeemed at a price at least equal to the minimum redemption price defined by the issuer.

Return: Express certificates offer the possibility to realise the positive performance of the underlying instrument early. Even if the specified trigger criterion is not satisfied, the minimum redemption price may be paid out, provided that the barrier has not been reached or breached. Depending on various influencing factors (e.g. fluctuation margin of the underlying instrument, term to maturity, distance of the underlying instrument from the barrier), the certificate may respond more or less strongly to price fluctuations of the underlying instrument.

Risk: Express certificates are high-risk investment instruments. If the price of the securities underlying the express certificates changes unfavourably, all or much of the invested capital may be lost.

## **8. Hedge funds**

(Hedge funds, hedge funds of funds, hedge fund index certificates, and other products with hedge strategies as the underlying investment)

### General information

Hedge funds are funds that are subject to few or no restrictions of a statutory or other nature with respect to the principles of investment. They endeavour to increase their capital through alternative, sometimes non-transparent, investment strategies, using all types of investment available.

Examples of investment strategies:

Long/short: Undervalued securities are bought, and overvalued securities are simultaneously sold short.

Global macro: Here, macroeconomic analysis of major economic and political trends is used to identify and exploit market inefficiencies.

Hedge funds of funds are funds that invest in individual hedge funds. Hedge fund index certificates are debt instruments whose price and performance depend on the average performance of several hedge funds that are combined into a single index to provide a basis of calculation.

Hedge funds of funds and hedge fund index certificates offer investors the advantage of improved risk diversification.

Return and risk components

Hedge funds offer an opportunity for very high returns, but the risk of losing your invested capital is equally high. The performance of hedge fund products is influenced especially by the following factors, which give rise to opportunities and risks: Hedge fund performance tends to be independent of international stock and bond market trends; depending on the hedge fund strategy, the general market trend may either be reinforced or a pronounced trend in the opposite direction may result.

Hedge fund performance is particularly influenced by the market segment they represent.

Due to their composition, hedge fund assets may be highly volatile, which means that the fund share prices may be subject to substantial upward and downward fluctuations within short periods of time. In extreme cases, unsecured hedge fund products may result in a total loss.

Concentrating on just one strategy or only a few strategies exacerbates the risk. With hedge funds of funds or hedge fund index certificates, that risk may be reduced through diversification.

The individual funds and their composition are determined by the manager of the fund of funds in keeping with the fund's desired risk/return profile or by an index committee in accordance with a system of distribution across various countries and sectors.

It is impossible to ensure that underlying hedge funds are transparent to the fund of fund management/index committee at all times.

Liquidity risk

Since hedge funds require complex strategies and are difficult to manage, it takes longer to determine the price of a hedge fund product than the price of traditional funds. Hedge fund products are therefore less liquid than traditional funds.

The prices are generally determined on a monthly rather than daily basis, so that shares can frequently be redeemed only once a month. To be able to return the shares at that time, the investor must irrevocably declare to return the shares, well in advance of the redemption date. The share price may change significantly between the time of declaring to return the shares and the time of redemption, but the investor cannot respond to such price changes since the declaration is irrevocable. The specific terms of redemption depend on the individual product. The limited liquidity of the individual funds and instruments can therefore limit the tradability of hedge fund products.

## **9. Money market instruments**

Definition

Money-market instruments include certificated money market investments and borrowings such as certificates of deposit (CDs), medium-term notes, global note facilities, commercial papers as well as all notes with a maturity of up to five years for the repayment of principal and fixed interest rates for up to one year. Money market transactions also include repo transactions and agreements.

Return and risk components

The return and risk components of money market instruments are largely equivalent to those of bonds, debt securities and annuities. Differences relate mainly to liquidity risk.

Liquidity risk

As a rule, there is no organised secondary market for money market instruments. Consequently, it cannot be guaranteed that the instruments can be readily sold at all times. Liquidity risk becomes less important if the issuer guarantees repayment of the invested capital at any time and has sufficient credit standing to do so.

#### Money market instruments – made simple

Certificates of deposit: Money market securities issued by banks, generally with a maturity of 30 to 360 days.

Medium-term notes: Money market securities issued by banks, generally with a maturity of up to 5 years.

Commercial papers: Money market securities, short-term promissory notes issued by major corporations, generally with a maturity of 5 to 270 days.

Global note facility: A variation on the commercial paper facility allowing the issuing of commercial paper simultaneously in the US and on markets in Europe.

Notes: Short-term capital market instruments, generally with a maturity of 1 to 5 years.

### **10. Securities futures transactions on the stock exchange (options and futures contracts)**

When trading in options and futures, the high chances of gain come with equally high risks of loss. As your bank, we believe it is our duty to inform you of the risks of options or futures contracts before you make such transactions.

#### Buying options

This means the purchase (opening of a long position) of calls (options to buy) or puts (options to sell), which entitles you to demand delivery or acceptance of the underlying asset or, if that is impossible (as in the case of index options), to demand payment of an amount of cash equal to the positive difference between the price of the underlying asset at the time the option right is purchased and the market price at the time the option is exercised. American-style options may be exercised at any time before the agreed expiration date, whereas European-style options can be exercised only on the agreed expiration date. In exchange for being granted the option right, you pay the option price (option premium). If the price of the underlying changes in the opposite direction from what you expected when you bought the option, the value of your option right may decline, down to zero by the expiration date. Your risk of loss is therefore the price you paid for the option right.

#### Selling options and buying/selling futures

Selling calls: This means the selling (opening of a short position) of a call (option to buy), by which you commit yourself to delivering the underlying asset at a specified price at any time before the expiration date (in the case of American-style call options) or on the expiration date (in the case of European-style call options). In exchange for such commitment, you receive the option price. If prices rise, you must accept the risk of having to deliver the underlying assets at the agreed price, even if the market price is significantly higher than that price.

That price difference constitutes your risk of loss; it cannot be determined in advance and is, in principle, unlimited. If the underlying assets are not in your possession (uncovered short position), you will have to purchase them through a spot transaction at the time of delivery, and your risk of loss in that case cannot be determined in advance. If the underlying assets are in your possession, you are protected against losses incurred in obtaining them and will also be able to make timely delivery. However, as such assets must be kept blocked until the expiration date of your option transaction, you will not be able to dispose of them during that time, which means you cannot sell them to protect yourself against falling prices.

Selling puts: This refers to the selling (opening of a short position) of a put (option to sell), by which you commit yourself to purchasing the underlying asset at a specified price at any time before the expiration date (in the case of American-style call options) or on the expiration date (in the case of European-style call options). In exchange for such commitment, you receive the option price.

If prices fall, you must accept the risk of having to buy the underlying security at the agreed price, even if the market price is significantly lower than that price. That price difference - the exercise price less the option premium - constitutes your risk of loss, which cannot be determined in advance and includes total loss. Any immediate sale of the assets will most likely result in a loss. However, if you do not wish to sell the assets immediately and want to retain possession of them, you will have to take the related financial cost into account.

Buying/selling futures contracts: This refers to the buying or selling of futures, by which you assume the obligation to take or make delivery of the underlying asset at the specified price at the end of the agreed term.

If prices rise, you must accept the risk of having to deliver the underlying assets at the agreed price, even if the market price is significantly higher than that price. If prices fall, you must accept the risk of having to buy the underlying security at the agreed price, even if the market price is significantly lower than that price. That price difference constitutes your risk of loss. If you commit yourself to buying, you must have all the necessary cash available at maturity.

If the underlying assets are not in your possession (uncovered short position), you will have to purchase them through a spot transaction at the time of delivery, and your risk of loss in that case cannot be determined in advance.

If the underlying assets are in your possession, you are protected against losses incurred in obtaining them and will also be able to make timely delivery.

#### Cash settlement transactions

If, in a futures transaction, delivery of the underlying assets cannot be made or taken (e.g. in the case of index options or index futures), you will be required to pay a cash amount (cash settlement) if the market did not move in the direction you anticipated. This amount corresponds to the difference between the price of the underlying asset at the time you signed the option or futures contract and the market price at the time of exercise or maturity. That constitutes your risk of loss, which cannot be determined in advance and is, in principle, unlimited. You also have to keep in mind that you need to have sufficient liquid assets to cover the transaction.

#### Posting of collateral (margins)

In the case of uncovered selling of options (opening of an uncovered short position) or the buying or selling of futures (futures transactions), it is necessary to post collateral in the form of a "margin". You are obligated to post such collateral at the time of opening and whenever needed (because the price moves contrary to your expectations) before the expiration of the option or futures contract. If you are not able to provide additional collateral as needed, we will unfortunately be forced to close out your position immediately and use any collateral posted so far to cover the transaction (see section 5(1) of the "Special Terms and Conditions for Exchange-Trade and OTC Options, Forwards and Futures").

#### Closing out of positions

When trading in American-style options and futures contracts, you can also close out your position before the expiration date. However, you should not rely on this possibility being available to you at all times. It always depends very strongly on the market situation; in a difficult market, you may have to perform trades at an unfavourable market price resulting in losses.

#### Other risks

Options entail both rights and obligations – futures contracts entail obligations only – with a short maturity and predetermined expiration or delivery dates. For these reasons, and because of the speed of such transactions, additional risks are present, including in particular the following:

Options that are not exercised or otherwise disposed of in a timely manner will expire and become worthless.

If you are unable to provide any required additional collateral in a timely manner, we will close out your position and use any collateral posted so far, without prejudice to your obligation to cover the outstanding balance.

In the case of short position transactions, we will perform the necessary steps for you without prior notification in the event of assignment. Any securities assigned in the course of exercising puts will be sold if the cover available is insufficient.

If you perform futures transactions in foreign currencies, an unfavourable trend in the foreign exchange market may increase your risk of loss.

## 11. Foreign exchange forwards and futures

### Definition

A foreign exchange forward or future is a firm undertaking to buy or to sell a certain foreign currency amount at a specified date in the future or over a specified period of time at a price agreed upon conclusion of the contract. Delivery of the quote or counter currency is made or taken on the same value date.

#### Return

The return (gain/loss) obtained by speculative investors in foreign exchange forwards or futures is the difference between the currency rates before or at maturity of the transaction, subject to the terms of contract.

The use of foreign exchange forwards or futures for hedging purposes means locking in an exchange rate so that the costs of the hedged transaction as well as its return will neither increase nor decrease as a result of any exchange rate fluctuations occurring in the meantime.

#### Currency risk

The currency risk inherent in foreign exchange forwards or futures is, in the case of hedging transactions, the possibility that the buyer/seller could buy/sell the foreign currency at a more favourable price before or at maturity or, in the case of unmatched positions, the possibility that the buyer/seller must buy/sell the currency at a less favourable price. The potential loss may substantially exceed the original contract value.

#### Credit risk

The credit risk in connection with foreign exchange forwards or futures derives from the possibility of counterparty default due to insolvency, i.e. one party's temporary or permanent inability to complete the transaction, necessitating covering transactions in the market at less favourable conditions.

#### Transfer risk

The transfer of certain currencies may be restricted, in particular as a result of exchange-control regulations in the country issuing that currency. This could jeopardise the proper execution of the foreign exchange forward or futures transaction.

## 12. Currency swaps

#### Definition

A currency swap is a transaction in which specified amounts of one currency are exchanged for another currency over a certain period of time. The interest rate difference between the two currencies is reflected in a premium/discount to the re-exchange price. Delivery of the quote or counter currency is made or taken on the same value date.

#### Return

The return (gain/loss) for investors using currency swaps results from the positive/negative movement of the interest rate difference and can, in the case of a countertrade, be generated during the term of the currency swap.

#### Credit risk

The credit risk related to currency swaps derives from the possibility of counterparty default due to insolvency, i.e. one party's temporary or permanent inability to complete the currency swap, necessitating covering transactions in the market at less favourable conditions.

#### Transfer risk

The transfer of certain currencies may be restricted, in particular as a result of exchange-control regulations in the country issuing that currency. This could jeopardise the proper execution of the currency swap.

## 13. rate swaps (IRSs)

#### Definition

An interest rate swap is the exchange of different kinds of interest payable on a fixed notional principal amount by two contracting parties. As a rule, fixed interest rates are swapped for variable or floating ones. This means that only interest payments are swapped, whereas no cash flows take place in respect of principal.

## Return

The buyer of an interest rate swap (fixed rate payer, long swap position) benefits from a rise in market interest rates. The seller of an interest rate swap (floating rate payer, short swap position) benefits from a fall in market interest rates. The return on an interest rate swap cannot be determined in advance.

## Interest rate risk

Interest rate risk results from the uncertainty about future changes in market interest rates. The buyer/seller of an IRS is exposed to loss if interest rates fall/rise.

## Credit risk

The credit risk encountered with IRS derives from the possibility of counterparty default, causing the loss of positive cash values or necessitating covering transactions in the market at less favourable conditions.

## Special terms of IRS

Interest rate swaps do not have standardised terms. The details of execution must be contractually agreed upon in advance. They are customised products. It is therefore imperative to obtain full information on the exact terms and conditions of the contract, in particular:

- notional amount
- term to maturity
- interest rate definitions

## **Special form: Constant maturity swap (CMS)**

### Definition

A constant maturity swap is the exchange of different kinds of interest payable on a fixed notional amount by two contracting parties. As a rule, a floating money market interest rate (e.g. the 3-month EURIBOR) is swapped for a capital market interest rate (e.g. the 10-year EUR-IRS). However, the capital market interest rate does not remain fixed for the entire life of the swap, but is periodically adjusted.

### Return

The purchaser of the CMS (who pays the capital market interest rate) earns a return if the interest rate curve levels out, e.g. if capital market interest rates fall and the money market interest rates rise. The return on a CMS cannot be determined in advance.

### Interest rate risk

Interest rate risk results from the uncertainty about future changes in interest levels on the capital market and the money market. The buyer or seller of a CMS is exposed to a risk of loss if the interest rate curve becomes steeper or levels out.

## **Special form: CMS spread-linked swap**

### Definition

In a CMS spread-linked swap, different kinds of interest payable are exchanged. Such swaps generally involve a money market interest rate (e.g. the 3-month EURIBOR; or alternatively a fixed interest rate for the life of the swap) on the one hand, and the difference between two CMSs (e.g. 10-year EUR CMS less 2-year CMS), often increased by a certain multiple (e.g. times 2) on the other. The CMS spread is often provided with a fixed coupon for a certain initial period.

### Return

The buyer of the CMS spread-linked swap (who pays the difference between the CMSs) earns a return if the two capital market interest rate curves involved (e.g. the 10-year EUR IRS and 2-year EUR IRS) level out. The return on a CMS spread-linked swap cannot be determined in advance.

#### Interest rate risk

Interest rate risk derives from the uncertainty about future interest rate changes on the shorter-term capital market relative to the longer-term capital market in relation to the money market interest rates (or the amount of the fixed interest rate).

### 14. Forward rate agreements (FRAs)

#### Definition

Forward rate agreements are used to agree on interest rates to be paid at specified times in the future. Since FRAs are traded on the interbank market and not on a stock exchange, they are not standardised. Unlike interest rate futures, FRAs are investment products customised in terms of principal amount, currency and interest period.

#### Return

By buying/selling FRAs, investors fix the interest rate for the period in question. If, at maturity, the reference rate is higher than the agreed interest rate (FRA price), the buyer of the FRA will be compensated for the movement in interest rates. If, at maturity, the reference rate is lower than the agreed interest rate, the seller of the FRA will receive a compensation payment.

#### Interest rate risk

Interest rate risk results from the uncertainty about future changes in market interest rates. Generally, this risk is all the higher, the more pronounced the increase/decrease in the market interest rate is.

#### Credit risk

The credit risk with FRAs derives from the possibility of counterparty default, causing the loss of positive cash values or necessitating covering transactions in the market at less favourable conditions.

#### Special terms of FRAs

FRAs are not standardised. They are customised products. It is therefore imperative to obtain full information on the exact terms and conditions of the contract, in particular:

- notional amount
- term to maturity
- interest rate definitions

### 15. Interest rate

Interest rate futures are exchange-traded futures contracts on short-term investment, money market or capital market instruments, which are standardised in terms of maturity and contract size. Consequently, the return on such an investment (interest rate or price) can be fixed in advance. Interest rate futures, too, involve unconditional commitments which must be fulfilled regardless of future performance or of one of the risks below occurring.

#### Return

The return (gain/loss) obtained by speculative investors using interest rate futures results from the interest rate or price difference at maturity, subject to the terms of the contract. The use of interest rate futures for hedging purposes reduces the financial risk of existing or future positions.

#### Interest rate risk

The value of an interest rate future depends primarily on the yield trend of the underlying instrument. The buyer's exposure is therefore comparable to that of the holder of the underlying instrument. The risk results from the uncertainty about future interest rate changes on the market. The interest rate risk encountered by the buyer/seller of a futures contract is the



obligation to put up further margin or to complete the deal upon maturity, depending on whether interest rates on the market rise/fall. Generally, this risk is all the higher, the more pronounced the increase/decrease in interest rates is.

The resulting potential of loss may be many times higher than the original capital invested (margin).

Liquidity risk

In some markets, the closing out of futures positions (sale/repurchase of contracts) may lead to significant adverse price movements in case of either excessive supply or excessive demand.

## 16. Over-the-counter (OTC) option trading

Plain vanilla option

The buyer of the option acquires the right, limited in time, to buy (call option) or sell (put option) the underlying instrument (securities, currency, etc.) at a fixed (strike) price or (e.g. in the case of interest rate options) to receive a compensation payment resulting from the positive difference between strike price and market value at the time the option is exercised. If you write (open, sell) an option, you agree to fulfil the rights of the option buyer. Options may differ according to style of exercise:

American-style option: Exercisable at any time up to the expiration date.

European-style option: Exercisable only upon expiration.

Exotic options: Exotic options are financial derivatives derived from standard options (plain vanilla options).

Special form: Barrier option

In addition to the exercise price, there is a threshold value (barrier). When that barrier is reached, the option is either activated (knock-in option) or deactivated (knock-out option).

Special form: Digital (payout) option

Option with a specified payout, which the buyer of the option receives in exchange for paying a premium, if the price (interest rate) of the underlying asset is below or above (depending on the option) the threshold value (barrier).

Return

Option holders obtain a return if the price of the underlying instrument rises above the strike price (in the case of a call option) or falls below the strike price (in the case of a put option) and the option holders are able to either exercise the option or sell it (plain vanilla option, activated knock-in option, non-deactivated knock-out option). If a knock-in option is not activated or a knock-out option is deactivated, the option right expires and becomes worthless. Holders of digital (payout) options earn a return if the threshold value is reached before or at maturity, which means they receive the payout.

General risks

The value (price) of an option depends on the strike price, the performance and volatility of the underlying instrument, the option's term to maturity, the general interest rates and the market situation. In the worst case, therefore, the capital invested (option premium) may become completely worthless. If the price of the underlying instrument moves contrary to the expectations of the option writer, the potential loss will be virtually unlimited (plain vanilla option, barrier option) or may be in the amount of the agreed payout (digital option).

Please note, in particular, that options not exercised in a timely manner will expire on the expiration date and will therefore be cancelled as worthless in the accounts. Note: Please note that your bank will not exercise your option rights unless specifically instructed to do so.

### Special risks in OTC option trading

As a rule, OTC options do not have standardized terms, but are customised instruments. It is therefore imperative to obtain full information on the exact terms and conditions of an option (style of exercise, expiration, etc.).

The credit risk encountered by buyers of an OTC option derives from the possibility of losing the premium due to counterparty default, necessitating covering transactions in the market at less favourable conditions. Being customised products, over-the-counter options are usually not traded in organised (secondary) markets. Consequently, there is no guarantee that such options will be tradable at all times.

## 17. Currency option trading

### Definition

The buyer of a currency option acquires the right, but not the obligation, to buy or sell a fixed amount of currency at a particular price at a specified date or within a specified period of time. The seller (writer) of the option grants this right to the buyer. In exchange for this right, the buyer pays the seller a premium. The following types of options are available:

- The buyer of a call option acquires the right to buy a fixed amount in a specified currency at a specified price (base price or strike price) on or before a specified date (delivery date).
- The seller of a call option agrees to deliver/sell, at the option buyer's request, a specified amount in a specified currency at the base price on or before a specified date.
- The buyer of a put option acquires the right to sell a specified amount in a specified currency at the base price on or before a specified date.
- The seller of a put option agrees to buy, at the option buyer's request, a specified amount in a specified currency at the base price on or before a specified date.

### Return

A return is earned on a call option if the market price of the currency rises above the agreed strike price to be paid by the buyer; the option premium has to be deducted from this gain. The buyer may then buy the foreign currency at the strike price and immediately re-sell it at the market price. The call option writer receives a premium in exchange for selling the option. Inversely, the same applies to put options if currency prices move in the opposite direction.

### Risks attached to the buying of options

**Risk of total loss of premium:** The buyer of a foreign currency option incurs the risk of losing the entire amount of the premium, which must be paid irrespective of whether the option is exercised or not in future.

**Credit risk:** The credit risk encountered by buyers of currency options derives from the possibility of losing the premium due to counterparty default, necessitating covering transactions in the market at less favourable conditions.

**Currency risk:** Currency options come with the risk that, by the time the option expires, the exchange parity of the underlying instrument may not have developed as you had anticipated when you bought the option. In the worst case, this may entail total loss of the premium.

### Risks attached to the selling of options

#### Currency risk:

The seller of a foreign currency option incurs the risk that, by the time that the option expires, the price of the foreign currency may not have moved in the direction originally anticipated by the seller.

The resulting potential of loss is unlimited for option writers. The price (premium) of a currency option depends on the following factors:

- Volatility of the underlying currency (measure of the expected fluctuation margin of the exchange rate)
- The agreed strike price

- Term of the option
- Current exchange rate
- Interest rates in both
- Currencies
- Liquidity

**Transfer risk:** The transfer of certain currencies may be restricted, in particular as a result of exchange-control regulations in the country issuing that currency. This could jeopardise the proper execution of the trade.

**Liquidity risk:** Being largely customised products, there are usually no organised secondary markets for currency options. Consequently, it cannot be guaranteed that the instruments can be readily sold at all times.

Special terms of currency options

Currency options do not have standardized terms. It is therefore imperative to obtain full information on the exact terms and conditions of such options, in particular:

**Style of exercise:** Is the option right exercisable at any time during the option's life (American option) or only upon expiration (European option)?

**Expiration:** When does the right expire? Please note that your bank will not exercise your option rights unless specifically instructed to do so.

## 18. Interest rate options

Definition

Interest rate options are agreements on upper or lower limits for the interest rate or on options for interest rate swaps. They are used for one of the following purposes:

- a) for hedging purposes or
- b) for speculative trading to realise a gain.

Interest rate options are either calls or puts. Common variants include caps, floors, swaptions, etc.

Through buying a cap, buyers secure an upper limit for the interest rate (= strike price) for future borrowings. In speculative trading, the value of the cap increases when interest rates rise. Selling a cap can be used as a speculative instrument only. The seller receives the premium and undertakes to compensate the buyer for any difference in interest rates.

Floors secure the buyer a certain minimum interest rate on a future investment. In speculative trading, the value of a floor increases when interest rates fall.

ad a) for hedging purposes

Depending on the agreed reference period, the current three-month or six-month interest rate is compared with the secured strike price every three or six months. If the market rate is higher than the strike price, the holder of the cap will be compensated for the difference.

The value of a cap increases as interest rates rise. In this case, however, the relevant rates are the forward rates (future interest rates traded today), not the current interest rates.

Inversely, the same applies to the buying/selling of floors. The buyer of a floor secures a lower limit to interest rates, while the seller holds a speculative position.

A swaption is an option for an interest rate swap (IRS = agreement to swap interest payments). There are two basic types of swaptions: payer swaptions (right to pay the fixed leg) and receiver swaptions (right to receive the fixed leg). Both variants can be either bought or sold.

A further distinction is made between two different types of performance with different risk profiles:

### **Swaption with swap settlement:**

When exercising the swaption, the buyer becomes a party to the swap.

- The buyer of a payer swaption acquires the right to make fixed interest payments at the strike price on a specified notional amount at the delivery date and to receive floating interest payments in return.
- The seller of a payer swaption undertakes to receive fixed interest payments at the agreed strike price on a notional amount at the delivery date and to make floating interest payments in return.
- The buyer of a receiver swaption acquires the right to receive fixed interest payments at the strike price on a notional amount at the delivery date and to make floating interest payments in return.
- The seller of a receiver swaption undertakes to make fixed interest payments at the agreed strike price on a notional amount at the delivery date and to receive floating interest payments in return.

### **Swaption with cash settlement:**

When exercising the swaption, the buyer receives the difference between the cash values of the swaps and the swaption interest rate or the current market interest rate.

#### Return

Holders of interest rate options earn a return on their investment if the market interest rate level on the exercise date is above the strike price of the cap or below that of the floor. With swaptions, a return can be obtained if on the exercise date the interest rate in the market is above the agreed strike price (with payer swaptions) or below the agreed strike price (with receiver swaptions). The seller gets to keep the option premium received, irrespective of whether the option is exercised or not.

#### Interest rate risk

The risk that losses will be incurred as a result of future interest rate movements in the market. The buyer/seller of an interest rate option may incur a price loss if market interest rates rise/fall. Generally, this risk is all the higher, the more pronounced the increase/decrease in market interest rates is. This results in an unlimited potential of loss for the seller.

The price (premium) of an interest rate option depends on the following factors:

- Volatility of interest rates (fluctuation margin of the interest rates)
- The agreed strike price
- Term of the option
- Market interest rates
- Current financing costs

#### Liquidity

These factors may cause the price of an option to remain unchanged or fall – even though interest rates moved in the direction you anticipated.

#### Credit risk

The credit risk encountered in buying interest rate options derives from the possibility of counterparty default, causing the loss of positive cash values or necessitating covering transactions in the market at less favourable conditions.

#### Risk of total loss upon purchase

The maximum loss you are exposed to when you buy an interest rate option is the amount of the premium, which must be paid irrespective of whether the option is exercised or not in future.

#### Special terms of interest rate options

Interest rate options do not have standardised terms, but are always customised investments. It is therefore imperative to obtain full information on the exact terms and conditions of such options, in particular:

Style of exercise: Is the option right exercisable at any time during the option's life (American option) or only upon expiration (European option)?

Exercise: Delivery of the underlying asset or cash settlement?

Expiration: When does the right expire? Please note that your bank will not exercise your option rights unless specifically instructed to do so.

### 19. Cross-currency swaps (CCSs)

#### Definition

A cross currency swap is an exchange of different kinds of interest payable and different currencies on a fixed notional amount between two contracting parties. As a rule, it is an exchange of fixed interest payments in two different currencies. However, the swap may also consist in the exchange of floating rates in one currency against floating rates in another. The cash flows take place in different currencies based on the same amount of principal, which is determined on the basis of the prevailing spot rate on the trade date. Apart from swapping interest payable or interest receivable, this type of swap also involves the exchange of principal both at the beginning (initial exchange) and at the end (final exchange) of the term. Depending on the requirements of the individual trading partners, the initial exchange can be omitted.

#### Return

The return on a CCS cannot be determined in advance. If the exchange rate and the difference between the interest rates develop in the investor's favour, a return may be realised from liquidating the CCS prior to maturity. If the CCS is concluded with the aim of improving the difference in interest rates, a return may be realised from the lower interest rates of another currency. However, any such gain may be neutralised by exchange losses. If the relation between the currencies develops favourably, the return may increase even further.

#### Interest rate risk

Interest rate risk results from the uncertainty about future changes in market interest rates. The buyer/seller of a CCS is exposed to a risk of loss if the market interest level falls/rises.

#### Currency risk

#### Credit risk

The credit risk encountered when buying/selling CCSs derives from the possibility of counterparty default, necessitating covering transactions in the market.

#### Special terms of CCSs

CCSs are not standardised. They are customised products. It is therefore imperative to obtain full information on the exact terms and conditions of the contract, in particular:

- Notional amount
- Term to maturity
- Interest rate definition
- Currency definition

- Exchange rate definition
- Initial exchange (yes or no?)

## 20. Commodity swaps and commodity options with cash settlement (commodity)

### General information about the individual instruments

Commodity swaps: A commodity swap is an agreement involving the exchange of a series of fixed commodity price payments ("fixed amount") for floating commodity price payments ("market price"), resulting exclusively in a cash settlement ("settlement amount"). The buyer of a commodity swap acquires the right to be paid the settlement amount if the market price rises above the fixed amount. Conversely, the buyer of a commodity swap is obligated to pay the settlement amount if the market price falls below the fixed amount. The seller of a commodity swap acquires the right to be paid the settlement amount if the market price falls below the fixed amount. Conversely, the seller of a commodity swap is obligated to pay the settlement amount if the market price rises above the fixed amount. Both cash flows (fixed/floating) are in the same currency and based on the same notional amount. While the fixed leg of the swap is like a benchmark, the floating leg is pegged to the trading price of the relevant commodities quoted on an exchange or otherwise published on the commodities futures market on the relevant fixing date or to a commodity price index.

Commodity options with cash settlement: The buyer of a commodity put option pays a premium for the right to receive, on every exercise date, the difference between the strike price and the market price in relation to a notional amount if the market price falls below the fixed amount. The buyer of a commodity call option pays a premium for the right to receive, on every exercise date, the difference between the strike price and the market price in relation to a notional amount if the market price rises above the fixed amount.

### Risks – details on the various instruments

Risk typical of commodity swaps and commodity options with cash settlement: If your expectations are not met, you will have to pay the difference between the underlying price recorded at the date you signed the agreement and the current market price at maturity. That difference constitutes the loss. The maximum amount of loss cannot be determined in advance. It may even exceed any collateral you may have posted.

Risk when buying commodity options – loss in value: Any change in the price of the underlying asset (e.g. a commodity) which forms the subject matter of the contract may reduce the value of the option. With call options, a loss in value may occur when the price of the underlying asset falls; with put options, a loss in value may occur when the price of the underlying asset rises. But a loss in the value of the options may occur even if the price of the underlying asset does not change, because the value of an option is also influenced by other pricing factors (e.g. the term, or frequency and intensity of price fluctuations of the underlying asset).

Risk when selling commodity options – leverage effect: When selling commodity options, there is a risk that, by the time the option expires, the value of the underlying asset will not have moved in the direction originally anticipated by the seller. The resulting potential of loss is unlimited for option writers.

### Risks of commodity futures in general

Price fluctuations: The amount of payment obligations arising from commodity futures is determined by the prices in a certain commodity futures market. Commodity futures markets may be subject to strong price fluctuations. Many factors related to supply and demand for commodities may impact such prices. It is not easy to forecast or predict such pricing factors. Prices may be significantly influenced by unforeseen events, such as natural disasters, diseases, epidemics, or orders imposed by public authorities, as well as unpredictable developments, such as the effects of weather, variations in harvests, or delivery, transport and storage risks.

Currency risk: Commodity prices are often quoted in foreign currencies. If you enter into a commodity transaction in which your obligation or right to consideration is denominated in a foreign currency or a foreign unit of account or the value of the subject matter of the contract is based on the above, you will also be exposed to currency market risk.

Closing out / liquidity: Commodity futures markets are generally tighter or thinner than financial futures markets and may therefore be less liquid. You may be unable to wholly or partially close out a commodity futures position at the desired time because of insufficient market liquidity. Moreover, the spread between the bid and ask prices in a contract may be relatively wide. It may be difficult or impossible to close out positions under certain market conditions.

Most commodity futures exchanges are authorized to set limits on price fluctuations, for example. Such limits prohibit asks or bids outside certain limits over a certain period. This may make it difficult or impossible to close out certain positions.

Limit/Stop loss orders: Limit orders or stop loss orders are instructions intended to limit trading losses in the event of certain market movements. Even though such risk-limiting options are permitted on most commodity futures markets, limit orders or stop loss orders are not generally being agreed for OTC commodities.

Futures and spot markets: It is especially important to understand the relationship between futures contract prices and spot market prices. Although market forces may equalise the differences between the futures contract price and the spot market price of the commodities in question to such an extent that the price difference on the delivery date is virtually zero, a variety of market factors, including supply and demand, may still result in differences between the futures contract price and the spot market price of the commodities in question.

Determination of the market price: Market prices are quoted either on commodity futures exchanges or are published in conformity with market practices. Due to system failures, system malfunctions on the exchange or other reasons, it sometimes happens that no market price can be determined for the agreed fixing date. If no arrangement has been made for a substitute method of price determination, the calculation agent is usually authorized to set the market price at its own, reasonably exercised, discretion.

## **6. Information on bank resolution and bail-in**

The Austrian Federal Act on the Recovery and Resolution of Banks (BaSAG), which implements the relevant EU directive, contains, among other things, rules on the resolution of banks. In response to the financial crisis of 2008, many states imposed regulations governing how the resolution of banks at risk of failure was to be managed in the future without the tax payer having to foot the bill.

As a consequence, shareholders and creditors of banks may be forced to share in the losses in the case of resolution. This is the case when a bank scheduled for resolution holds issued financial instruments (such as stocks, bonds or certificates) or uncovered deposits. The goal of the pertinent legislation is to allow a bank to be resolved without using public funds for this purpose.

The competent resolution authority decides on whether or not to instigate resolution proceedings and to apply resolution tools. The competent authority for systemic banks in the euro area is the EU Single Resolution Authority, for non-systemic banks in the euro area, it is the national resolution authority of the country in question (in Austria, the Financial Market Authority), always on the basis of the applicable laws.

### **How can the resolution of a bank affect bank clients?**

The relevant resolution authority may apply resolution tools to a bank only if the statutory requirements for resolution exist.

Bank clients may be affected by the application of the following resolution tools:

- Sale of the business
- Bridge institution
- Asset separation
- Bail-in

#### **Sale of the business:**

The liabilities and/or assets of the bank under resolution are transferred to a purchaser by way of public authority instruction. Bank clients may be affected by being presented with a new business partner, as the purchaser of the bank under resolution will take over the assets (loans granted to clients) and liabilities (debt instruments issued by the bank, such as bonds).

#### **Bridge institution:**

In this case, the liabilities and/or assets of the bank under resolution are transferred to a company owned by the federal government or to another public body.

The bridge institution makes sure that the critical functions of the bank (activities and services the discontinuation of which might have negative impacts on the real economy or on the stability of the financial markets) are maintained ("good bank"). Bank clients will be faced with a new business partner.

#### **Asset separation:**

The assets and/or liabilities of the bank under resolution are transferred to one or more separate vehicles ("bad bank") with the aim of winding down the portfolio. Such a step is ordered by the resolution authority.

When the tools mentioned above, such as sale of the business, bridge institution and asset separation, are applied, bank clients face the risk that the purchaser will not be able to meet obligations (e.g. payment of interest and/or repayment of principal).



### **The bail-in tool:**

This tool is used to ensure that the losses and the costs for stabilisation of the institution subject to resolution are initially borne by the owners (e.g. shareholders) and unsecured creditors and not by the state, i.e. ultimately the taxpayers.

In a bail-in, the percentage interest currently held by the shareholders in the bank is reduced or written off entirely, on the one hand, and the creditors must accept a haircut or even a complete loss on their claims, on the other, possibly receiving ownership rights to the bank in return. The bail-in distinguishes between different groups. Whereas some creditors are exempted entirely from the bail-in, others are obliged to contribute in a clearly defined order (loss absorption cascade or liability cascade).

Loss absorption is ensured according to a specific order, i.e. second-tier creditors are only asked to accept losses if the claims of the previous tier of creditors are insufficient to cover the losses.

Loss absorption is ensured according to a specific order, i.e. second-tier creditors are only asked to accept losses if the claims of the previous tier of creditors are insufficient to cancel out the losses.

The shareholders of the bank subject to resolution bear the highest risk of loss.

2nd tier:

If need be, the shareholders who have invested in additional Tier 1 capital instruments (such as hybrid bonds, i.e. bonds with unlimited maturity and silent capital contributions) are then asked to absorb losses.

3rd tier:

This tier includes the creditors who have invested in Tier 2 capital instruments (such as Tier 2 capital bonds, participation rights).

4th tier:

Unsecured and subordinated creditors (such as subordinated debt instruments) are used to cover any losses that do not qualify as Additional Tier 1 capital and Tier 2 capital requirements.

5th tier:

In this tier, senior non-preferred debt instruments (e.g. senior non-preferred bonds) are used to cover the losses. The contractual maturity originally agreed for these debt instruments must be at least one year, they must not include embedded derivatives and must not be derivatives themselves. When such debt instruments are issued, their lower rank in insolvency proceedings must be explicitly pointed out (contractual documents and prospectus).

6th tier:

The holder of any such unsecured and non-subordinated debt instruments and claims are required to cover losses (e.g. holders of bearer bonds, structured bonds [including index certificates], derivatives and uncovered deposits in excess of EUR 100,000 from large corporates).

7th tier:

The deposits of private individuals and of SMEs in excess of EUR 100,000 that are not covered by the deposit guarantee enjoy a special status and are the last to be affected by a bail-in.

In individual cases, the resolution authority may grant specific bank liabilities that would be subject to the bail-in according to the Federal Act on the Recovery and Resolution of Banks (BaSAG) partial or complete exemption from the bail-in, although no creditor may be treated less favourably than in regular insolvency proceedings.

**Application of the bail-in tool may result in partial loss or, in extremis, in total loss of the capital invested by the client.**

What client claims are exempted from bail-in? (non-exhaustive list)

Deposits covered by the guarantee scheme up to an amount of EUR 100,000 (e.g. fixed-term investments and account balances)

- Secured claims (e.g. covered bank bonds or mortgage bonds (*Pfandbriefe*))
- Liabilities from fiduciary transactions
- Client assets or client funds, to the extent that segregation and separation rights apply to them (e.g. securities or funds deposited or managed by means of a securities account, portfolio management)

What risks may the resolution of a bank pose for bank clients?

The resolution authority may make changes to the terms of the securities in question, such as

- Changing the repayment date or postponing interest payments
- Investors are faced with the risk of not being able to sell the securities in question at all or only at a lower price
- The more securities are being held in a client's securities account, the higher the risk

Does the bail-in risk apply only to Austrian banks?

All banks in the European Union are subject to the EU directive on the recovery and resolution of credit institutions, which has to be transposed into national law. In Austria, the EU directive was transposed by means of the BaSAG act mentioned above.

## 7. Information on conflict of interest policy

The trust which our business partners, our staff, and the public place in us is vital to us as a bank. Our staff are held to provide all services with utmost diligence, care and professionalism, respecting client interests. High standards of conduct are to further enhance and ensure the trust of our business partners and clients that the statutory and supervisory requirements can be satisfied at any time. Within the meaning of sections 45 and 46 Securities Supervision Act 2018 (WAG 2018) a bank shall establish, implement and maintain an effective conflict of interest policy to avoid that conflicts of interest harm client interests, including his or her sustainability preferences.

### Potential conflicts of interest

Conflicts of interest may arise between client interests on the one hand, and the interests of Wiener Privatbank itself, including its management, staff and tied agents, or other persons affiliated to it directly or indirectly through control on the other hand, or between the interests of clients of Wiener Privatbank.

Potential conflicts of interest which may harm client interests, including his or her sustainability preferences, may arise in particular from the following settings and behaviours:

- When receiving financial benefits (e.g. sale or trailer commissions) from or granting financial benefits to third parties in connection with rendering investment services and ancillary services
- When providing investment advice and wealth management services, Wiener Privatbank's or its subsidiary's interest in selling financial instruments
- When providing investment research on financial instruments being offered to clients for purchase.
- When receiving information that is not publicly known
- In the course of business relationships of Wiener Privatbank with issuers where there is a loan arrangement
- When deciding which products and services Wiener Privatbank wants to offer or recommend

Especially with private banks such as ours this cannot always be precluded. We are aware that failure to consider such conflicts of interests may taint the reputation and professionalism of our bank and/or of our staff and have therefore adopted measures and precautions to avoid conflicts of interests.

### Measures and precautions to avoid conflicts of interest

- It is our utmost priority to avoid conflicts of interest. To that end, Wiener Privatbank has appointed a compliance officer. Apart from preventing the abuse of insider information and/or market manipulation, it is a core task of the compliance officer to identify and avoid conflicts of interest, while additionally considering the client's sustainability preferences, by setting up appropriate mechanisms. Potential conflicts of interest must be reported to the compliance officer by the business units; the compliance officer regularly monitors the measures implemented at the bank, ensures that unavoidable conflicts of interest are handled in accordance with the pertaining statutory regulations, and reports regularly and directly to the Management Board.
- Wiener Privatbank has defined areas of confidentiality (Chinese walls) in a bid to prevent that staff from different business units whose activities could result in a conflict of interest share information. If, in an individual case, the sharing of information between these defined areas which may result in a conflict of interest is unavoidable, this has to be reported to the compliance officer, who will then take appropriate action.
- Organisational safeguards ensure that any undue influence in the transacting of investment services is avoided, e.g. rules governing personal staff transactions, as well as rules governing the acceptance and granting of financial benefits and their disclosure.
- The acceptance and/or granting of gifts and financial benefits from and to staff members of Wiener Privatbank is allowed only in accordance with in-house policy.
- Wiener Privatbank has guidelines and rules of conduct for all staff members in place which are designed to prevent insider trading and market manipulation (market abuse). Staff members of Wiener Privatbank are trained regularly in this respect.

Moreover, guidelines have been issued for all staff members which govern staff transactions in a manner that avoids conflicts of interest between the bank's clients and its staff or solve such conflicts of interest to the benefit of the client.

- Wiener Privatbank has defined and implemented a best execution policy regulating the execution of client orders. There is also an internal guideline for allocation in the context of issues.
- If Wiener Privatbank is unable to avoid a conflict of interest arising from the nature or mix of the services offered, the nature of the conflict and/or its cause will be disclosed to the client either in general terms, or immediately before the conclusion of a given transaction. The scope of such information is governed by the client's classification. In this way, our clients can take their investment decisions in full awareness of any conflict of interest. Banking secrecy will be respected in any such disclosure of information.
- In general, client interests will take precedence over the interests of Wiener Privatbank and its staff members.
- If a conflict of interest cannot be avoided in spite of the organisational and administrative measures taken by Wiener Privatbank, the bank has to resolve such conflict of interest in the client's interest. This may lead to the conflict being disclosed to the client or the transaction not being carried out.
- Observance of guidelines and policies is monitored by the compliance officer.

### **Granting and accepting benefits or advantages**

In the course of providing investment services or ancillary services, Wiener Privatbank regularly grants commissions (advantages) to its independent agents who introduce clients to the bank. Conversely, Wiener Privatbank receives such commissions from its partners (e.g. investment companies and issuers) when rendering investment services or ancillary services. These commissions are used to maintain, or improve, the high standards of advisory services, further training activities for staff, and the provision of information to clients. The amount of such commissions depends on the volume being sold/issued/held in custody and can be divided into the following categories:

- Sales commission for investment funds: up to 5% of the amount invested.
- Sales commission on issues: up to 3% (of the order volume). This is a fee for selling or brokerage activities.
- Trailer/portfolio commissions: up to 5% per annum of the value of the financial instruments held in custody for the client

Wiener Privatbank discloses information about the existence, nature and amount of inducements or benefits before providing the respective investment or ancillary services (if the amount cannot be determined, the client will be informed about the manner of its calculation) and provides clients with an annual breakdown of the actual amounts of inducements or benefits received as well as granted. Regarding wealth management service (= portfolio management ) possible amounts of inducements or benefits will be directly passed on to the client (trailer/portfolio commission).

## 8. Best execution policy of Wiener Privatbank SE

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## 1. Introduction

### 1.1. Scope

The following principles for the execution of orders in financial instruments (hereinafter best execution policy) set out how the bank ensures execution of client orders in the best possible interest of the client on a consistent basis. This best execution policy applies both to retail clients and professional clients. It applies in particular to orders for buying or selling securities or other financial instruments (such as options or other derivatives) which will be executed in the form of a commission transaction. The provisions set out in 1.6 apply to orders where the bank and the client enter into a sale and purchase agreement for financial instruments at a fixed or determinable price (fixed-price transaction).

### 1.2. Basic principles of order placement and best execution

Client orders can typically be executed via different channels and at different venues, for instance on stock exchanges, via multilateral or organised trading facilities, with entities trading for own account, systematic internalisers, in Austria and in other countries, using floor trading or electronic trading. The factors set out in section 2 of this policy serve as a basis for the bank to determine how to execute an order. On this basis, it is reasonable to expect consistent best execution in the best interest of the client ensuring both high likelihood and speed of execution.

#### Forwarding of client orders to an intermediary

Where the bank does not execute client orders itself, it will use an intermediary (another credit institution or financial services provider) to conclude a transaction for the execution of the order. This will be the case in particular where either the bank has no direct access to an execution venue or the intermediary can ensure faster and more cost-effective execution and where other client interests, such as cost-effective safekeeping of the securities, makes execution via such an intermediary appear to be more favourable. In any case, the bank will regularly monitor the quality of execution, reviewing not only whether the execution policies of the intermediaries are in conformity with its own policy, but also whether the intermediaries have in turn implemented measures to ensure best possible order execution. Where a client order can only be executed through a specific intermediary, it is possible, in exceptional circumstances, to commission a specific intermediary in the interest of the client without checking the execution policy of such intermediary in detail. It will be ensured, however, that such intermediary is being regulated and monitored by a financial market authority.

### 1.3. Summary for retail clients

Pursuant to MiFID II and WAG 2018, natural and legal persons classified as retail clients are to enjoy the highest level of protection. For this purpose, we have prepared an easy-to-understand overview of the key content, principles and processes of this best execution policy specifically for this group of clients in a bid to ensure that retail clients in particular will have a better understanding of what processes are involved, from the accepting of an order to its possible routing to execution, and what factors and criteria are intended to ensure best execution impact on these processes.

Section 1 explains the purpose and legal basis of the best execution policy and describes how potential inducements by other parties involved are handled and how client interest is the overriding aim. Section 2 presents the key facts that are taken into account when selecting the execution venue, with a specific focus on the following ones:

- Key facts for best possible execution and classification of such facts with respect to their importance in Wiener Privatbank's selection of an execution venue
- Client instructions
- Criteria for selecting execution venues for client orders
- Criteria for routing client orders to other institutions (intermediaries) and mechanisms to ensure best possible execution also in the case of routing to other institutions
- Brief description of possible order execution qualifiers and how such qualifiers are dealt with

Section 3 provides details on the different types of financial instruments and the routing of orders for such financial instruments. Finally, section 4 lists the most important trading venues, broken down by type of financial instrument and a list of the trading partners of Wiener Privatbank.

#### **1.4. Priority of specific client instructions**

Client orders will be executed in line with this best execution policy if and insofar as the client does not give instructions to the contrary. Instructions to the contrary given by clients may entail the bank not taking the measures required under this policy that would apply if no specific instruction had been issued. Clients can instruct the bank on how and at which execution venue an order is to be executed. In this case, the bank's obligation to take all sufficient steps to obtain the best possible result for the client has been adequately fulfilled.

Clients may give instructions that do not cover all the aspects of execution. In such a case, the client's instruction will take precedence with respect to the specific aspects mentioned, while the best execution policy will apply to all other aspects of the order.

Any requirements stated by clients as to the manner of order execution will likewise be considered instructions, in particular any requirement to execute a "discretionary" order, meaning in the best interest of the client. The characteristic features of such orders are that execution may, depending on order volume or market situation, be split up into multiple parts, and that it might not be possible to execute the order at a single execution venue. Where such an instruction is given, the bank reserves the right to select the execution venue at its own discretion, while keeping the client's interest in mind and taking account of the factors that will govern the result. This departure from the best execution policy in the best interest of the client applies similarly to other instructions, such as 'Closing auction only' or 'Volume-dependent for a pre-defined period'.

#### **1.5. Execution inconsistent with the policy**

To the extent that exceptional market conditions or market disruptions (e.g. failure of a trading system) necessitate execution that is inconsistent with this best execution policy, the bank will opt for such execution while protecting the client's interests.

#### **1.6. Special notes on the execution of fixed-price transactions**

The bank may offer the client execution in the form of a fixed-price transaction, depending on the type of financial instrument, the order volume, market liquidity and other factors. Where the bank and the client enter into a sale and purchase agreement for financial instruments at a fixed or determinable price (fixed-price transaction), the obligations of both the bank and the client will be governed by the individual contractual agreement between them. For instance, fixed-price transactions for securities include the obligation to deliver the securities and to pay the purchase price.

In fixed-price transactions, the bank will meet its obligation for best order execution specifically by providing a price for the transaction that is close to market conditions. The bank's income is already included in the fixed price, and no further costs (such as broker's commissions, transaction and trading fees charged by exchanges, etc.) will be charged.

#### **1.7. Special notes on execution outside trading venues**

Where orders are to be executed outside trading venues, i.e. off-exchange, but also outside multilateral or organised trading facilities, the bank will ask the client for instructions. The bank will meet its obligation to provide best possible execution outside trading venues in particular by analysing market data used in assessing the price for the given financial instrument and – where possible – comparing such price with the prices of similar or comparable financial instruments. The bank will review, by regularly checking the methods and parameters used, whether the price offered to the client is a good faith price. The bank will obtain the client's explicit consent to execution outside a trading venue.

### **1.8. Aggregation of orders**

If several orders to buy or sell identical financial instruments with identical other instructions, such as same limit, same limit duration or similar, should arise in the context of transactions executed by the bank, in particular in the context of portfolio management orders, securities savings plans or other transactions, the bank may aggregate such orders of different clients in adhering to the best execution policy and execute them in one go, to the extent permitted by order volume, market liquidity, price sensitivity and type of financial instrument to be traded. This also includes execution outside the trading venues mentioned as well as self-dealing fixed-price transactions. The bank will also duly allocate aggregated orders in conformity with its allocation principles.

### **1.9. Review of best execution policy**

The bank will subject this policy to a review at least once a year. Such review will first of all pertain to whether the factors listed in section 2.3 as important for selecting an execution venue are still valid for Wiener Privatbank. Then, such factors will be reviewed above all with respect to selection of execution venue and, if applicable, intermediaries for any given financial instrument. In addition, orders executed in the past are reviewed on a consistent basis, as is the likelihood of being able to adhere to the policy in the foreseeable future. At the same time, checks are made to see whether the trading partners comply with the applicable legal regulations. Possible alternatives are also analysed on an ongoing basis with a view to a potential for better execution in the client's interest.

Should such review result in major changes, the bank will adapt the policy in an effort to be able to continue obtaining the best possible result for its clients. A major change is an important event that may potentially impact best execution factors such as cost, speed, likelihood of execution and settlement, size, type or any other aspects crucial for execution.

Other than at yearly intervals, reviews will also take place when an important event occurs which affects the bank's ability to obtain the best possible result for its clients.

### **1.10 Inducements**

In respect of the financial instruments subject to this policy and the associated services, Wiener Privatbank does not receive any monetary or non-monetary benefits (inducements) from execution venues or other financial institutions or third parties involved in transactions in such financial instruments. Further Wiener Privatbank does not engage in any close relationships with its execution venues or with external brokers.

## **2. Factors used in determining best possible execution and selecting execution venues**

### **2.1. Review of best execution policy**

The bank has identified the factors described below for determining the manner of execution and the specific execution venue to obtain the best possible result for clients. This policy applies both to retail and professional clients. With respect to the execution of client orders, the best possible result is determined based on total consideration, which is composed of the price of the financial instrument and all the costs related to order execution. For this reason, the bank considers price and costs as the most relevant execution factors.

If it is not possible to find an execution venue giving the best result in terms of total consideration, the next step is to take into account, at equal priority, execution speed and likelihood of settlement as well as other criteria associated with order execution, provided such factors contribute to obtaining the best possible result.



<b>Execution factors</b>	<b>Weighting</b>
<b>Main factors</b>	
Price of the financial instrument	Very high
All costs related to order placement	Very high
<b>Additional factors</b>	
Speed of execution	High
Likelihood of execution and settlement	High
Type and size of order	High

### **2.1.1. Price and costs**

When determining the weighting of factors, the bank assumes that the client's primary objective – in consideration of all costs related to the execution of the transaction – is to achieve the best possible price. The costs taken into consideration include all costs regularly incurred when executing an order, such as commissions of the bank, trading and transaction fees depending on the execution venue, access fees as well as clearing and settlement fees, but also the costs charged by any intermediary.

### **2.1.2. Likelihood of execution and settlement**

Likelihood of execution refers to the probability with which an order will actually be executed at a trading venue. Given that securities are generally subject to price fluctuations and that price developments to the client's disadvantage occurring after the placement of the order can therefore not be ruled out, priority is given to execution venues where full execution is likely and possible in a timely manner. Actual execution at a trading venue depends to a large extent on the liquidity situation at this trading venue. In assessing likelihood of execution, the bank also looks at the risk of problems in the processing of trades in financial instruments which might adversely affect delivery or payment.

### **2.1.3 Speed of execution**

Speed of execution is governed mainly by the market model and execution route and refers to the time it takes from when a client order is received until it can be executed at a trading venue or via an intermediary.

### **2.1.4. Type and size of order**

In executing orders, the bank takes account of both the size and type of the order. Clients can determine the type of order when placing it (e.g. unlimited or limited, with a time limit). The bank will take account of such order and limit instructions during order execution. The size and type of the order may impact price and costs as well as the selection of trading venues and/or intermediaries.

### 2.1.5. Order qualifiers

At best orders	Also referred to as At market. This qualifier means that the entire order will be executed as fast as possible at the best possible price.
Limit orders	A buy (sell) limit lets clients set a cap for the buy (sell) price and thus the capital they are willing to invest. No buy (sell) transactions will be made above/below the set price limit.
Stop market orders	With a stop-loss market order (or stop-buy order), clients instruct Wiener Privatbank to sell (buy) securities at best if the price reaches or breaches the stop price. The price actually obtained may differ significantly from the selected stop price.
Stop limit orders	With a stop-loss limit order (or stop-buy limit order), clients instruct Wiener Privatbank to sell (buy) securities up to a limit set by the client if the price reaches or breaches the stop price. Partial execution is possible in such cases.
Good-for orders	Clients can limit the time of validity of an order; there are several ways to do so: Good-for-day: The order is valid for the same day. Good-till-date: The order remains valid until the specified date.
Auction-only orders	The order can be executed only in auctions. The following variants exist: Opening auction only: The order may be executed only in opening auctions. Midday auction only: The order may be executed only in midday auctions. Closing auction only: The order may be executed only in closing auctions.
All-or-none (AON) orders	With an AON order, the client specifies that the order is to be filled only completely or not at all. If complete execution is not possible by the end of the validity period, the order will be cancelled.
Fill-or-kill (FOK) orders	With an FOK order, the client specifies that the order is to be filled immediately and completely. If it is not possible to fill the order immediately, the order will be cancelled (note: if the order is cancelled, there will be no notification)
Immediate-or-cancel (IOC) orders	With an IOC order, the client specifies that the order is to be filled immediately either in part or completely. Partial execution is possible in such cases. Any portion of the order that cannot be immediately filled is cancelled (note: if the order is cancelled, there will be no notification)
VWAP orders	VWAP stands for volume-average-weighted price, which is the volume of all trades divided by the number of units traded for a specific period of time to be defined by the client. By placing a VWAP order, the client provides an explicit instruction regarding the price at which the order is to be filled. A VWAP order thus aims at execution as close as possible to the VWAP.
Volume participation (VOLPART) orders	A VOLPART order participates at a certain percentage in the total volume of a given market. For instance, orders are placed in the public order book in the amount of a third (33%) of the entire volume of the selected market until the orders have been filled completely. A VOLPART order thus aims at execution as close as possible to the desired volume participation.
Iceberg orders	An iceberg order is an order the volume of which is only partly visible in the order book. When placing an iceberg order, clients must specify the total and the peak volume as well as a limit. If the execution venue does not offer iceberg orders, it is possible to generate synthetic iceberg orders, but this involves losing order priority in the order book.
Discretionary(IW) orders	With the IW qualifier (German: <i>interessewährend</i> ), clients instruct Wiener Privatbank to adapt order execution to market developments, i.e. to fill the order in tranches and/or over several days or to change the limit set by the client.
TWAP orders	TWAP stands for time weighted average price. Such orders are sliced into portions and traded within a certain time window to be defined by the client. By default, that period is from the time the order is placed until market closing for the financial instrument in question. The order is distributed in a linear manner over the remaining time without taking account of the volume of the individual trades executed on the market. A TWAP order thus aims at execution as close as possible to the TWAP.

### 2.1.6. Other criteria relevant for execution

The bank also takes into consideration other criteria relevant for execution, such as trading hours, complaints handling and others. The bank has weighted these other factors in the priority it considers most suitable to meet the relevant client requirements.

## 2.2. Factors taken into account in selecting the execution venue

The following overview shows which key factors the bank uses as a basis for evaluating and selecting an execution venue for a given financial instrument. Utmost care is taken in selecting execution venues, and the quality of execution is regularly monitored, taking account of factors such as liquidity, number of trading members, settlement, stability, quality of technical link-up, pricing and all costs incurred.

## 2.3 Basic principles of execution venue selection

	Shares/ equities	Debt instruments	Certifi- cates	Certified leverage products	Equity and index derivatives	Other derivatives	ETFs, ETNs and ETCs
Price	Important	Very important	Important	Important	Very important	Very important	Important
Costs	Very important	Important	Very important	Important	Important	Important	Very important
Speed of execution	Important	Important	Important	Important	Important		
Likelihood of execution	Important	Important	Important	Important	Important	Important	Important

## 3. Best execution policy for different types of financial instruments

### 3.1. Shares/equities and depository receipts

The bank executes orders as a commission agent as follows:

Where there is direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

### 3.2. Subscription rights

Issuers may initiate trading in subscription rights with a defined trading period. Depositories in Austria and abroad can shorten the trading period defined by an issuer. Clients can exercise their subscription rights (subscription right instruction) or make speculative trades in subscription rights (without subscription instruction) only during the periods set by the depositories (instruction period). If the bank has not received any client instruction until the last instruction date specified in the client information, the bank will sell all Austrian subscription rights held on the securities account on the last trading day, unlimited and at the standard quotation, if such rate is determined at all, unless the depository does so directly in line with its own execution policy.

If the subscription right instructions involve trades in subscription rights, the bank will fill such trades in line with the individual conditions stated in the respective client information. Where the exercise of subscription rights requires a settlement of fractions, orders are booked unlimited. Where subscription rights are bought or sold without subscription right instructions, the bank will fill the client order in line with the best execution policy and conditions similar to the ones set out in 3.1.

### 3.3. Interest-bearing securities

Under the execution policy, bonds are traded either via links to a stock exchange trading facility or orders are executed via an intermediary, such intermediary being responsible for selecting the best execution venue in line with its own execution policy. Special bonds, in particular those from issuers in Austria or Eastern Europe, can be executed directly with eligible counterparties; at least two counterparties are contacted for a quotation and normally the counterparty offering the best pricing for the client, with due consideration of all other costs, will be commissioned to fill the order. Our most important counterparties are Raiffeisenbank and Erste Group.

### **3.4. Securitised derivatives**

#### **3.4.1. Certificates**

The bank executes orders as a commission agent as follows:

Where there is a direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

#### **3.4.2. Warrants**

The bank executes orders as a commission agent as follows:

Where there is a direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

### **3.5. Exchange traded products (funds, notes and commodity products)**

#### **3.5.1. Exchange traded funds (ETFs)**

The bank executes orders as a commission agent as follows:

Where there is a direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

#### **3.5.2. Exchange traded notes (ETNs)**

The bank executes orders as a commission agent as follows:

Where there is a direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

#### **3.5.3. Exchange traded commodities (ETCs)**

The bank executes orders as a commission agent as follows:

Where there is a direct link to a trading system, such orders are normally executed directly via such trading system, following the above-mentioned rules as closely as possible. Exceptions, if any, may be due to cost structure, especially in terms of safekeeping costs and any delivery costs involved. Where there is no link via a direct trading system to the execution venue selected based on the above principles, the bank will rely on an intermediary to fill the order in the client's best interest.

### **3.6. Other instruments**

Where products are attributable to other categories of financial instruments which are not mentioned in this best execution policy, the bank will try to determine the best possible execution venue and fill the order there. If this is not possible, the bank will ask the client for further instructions.

### **3.7. Shares of investment funds**

The issuing of shares or units of investment funds at the issue price and the return of such shares or units at the redemption price is not subject to the best execution policy.

#### 4. Execution policy

##### 4.1. Top trading venues

Below is a list of the top execution venues of Wiener Privatbank SE, which were selected based on the principles set out above.

Financial Instruments	Orders	Execution Venue
<b>Shares Austria</b>	Direct remote membership Vienna Stock Exchange	Home exchange
	Baader Bank AG	
	Goldman Sachs	
	Raiffeisen Bank International AG	
<b>Shares International</b>	Baader Bank AG	
	Bank Vontobel AG	
	Goldman Sachs	
	Raiffeisen Bank International AG	
<b>Bonds Austria</b>	Direct remote membership Vienna Stock Exchange	Home exchange
	Baader Bank AG	
	Erste Group Bank AG	Off-market *)
	Goldman Sachs	
	Raiffeisen Bank International AG	
	UniCredit	
<b>Bonds International</b>	Direct remote membership Vienna Stock Exchange	Home Exchange
	Baader Bank AG	
	Bank Vontobel AG	
	Erste Group Bank AG	Off-market *)
	Goldman Sachs	
	Raiffeisen Bank International AG	
	UniCredit	

<b>Investment funds</b>	Bank Vontobel AG	Off-market
	Liechtensteinische Landesbank AG	
	Raiffeisen Bank International AG	
<b>Certificates Austria</b> stock exchange traded	Raiffeisen Bank International AG	Home exchange
<b>Certificates International</b> stock exchange and off-market traded	Bank Vontobel AG	Home exchange
	Raiffeisen Bank International AG	Off-market
	Leonteq Securities Frankfurt	
<b>IPO/SPO</b>	Lead Manager	Off-market
	Sales Agent	

\*) Orders for bonds are mainly executed off-market due to the higher probability for liquidity and probability for execution.

**IPO** stands for Initial Public Offering and means any tradable asset of a company that is offered to the public for the first time.

**SPO** stands for Secondary Public Offering, and means the sale of all or most of the securities by one or several major stock holders of a publicly-traded company through a public offering.

Wiener Privatbank regularly verifies compliance with the best execution policy for orders filled via these intermediaries. Likewise, the selected intermediaries are subjected to careful review at regular intervals, and selection criteria are subject to ongoing optimisation, also with a view to finding additional intermediaries and counterparties.

## 9. Information on deposit guarantee and investor compensation

Information sheet for the depositor (Annex to section 37a of the Austrian Banking Act (BWG))

Basic information about the protection of deposits	
Deposits in Wiener Privatbank SE are protected by	Einlagensicherung AUSTRIA GmbH <sup>1</sup>
Limit of protection	EUR 100,000 per depositor per credit institution <sup>2</sup>
If you have more deposits at the same credit institution	All your deposits at the same credit institution will be "aggregated", and the total amount is subject to a cap of EUR 100,000 <sup>2</sup>
If you have a joint account with other person(s)	The cap of EUR 100,000 applies for each individual depositor <sup>3</sup>
Reimbursement period in case of credit institution's failure	7 working days <sup>4</sup>
Currency for reimbursement	Euro
Contact	Einlagensicherung AUSTRIA GmbH Wipplingerstraße 34/4/DG4 1010 Vienna, Austria Telephone: +43 (1) 533 98 03-0 Fax: +43 (1) 533 98 03-5 <a href="mailto:office@einlagensicherung.at">office@einlagensicherung.at</a>
	<a href="https://www.einlagensicherung.at/">https://www.einlagensicherung.at/</a>

### Additional information

#### <sup>1</sup>) Deposit Guarantee Scheme responsible for the protection of your deposit

Your deposit is covered by a statutory Deposit Guarantee Scheme and a contractual Deposit Guarantee Scheme. In the case of insolvency of Wiener Privatbank SE, your deposit will in any case be repaid up to EUR 100,000.

#### <sup>2</sup>) General limit of protection

In the event that a deposit is not available because a credit institution is unable to meet its financial obligations, then depositors will be reimbursed by the deposit guarantee scheme. The maximum relevant coverage level is EUR 100,000 per credit institution. This means that all deposits at the same credit institution are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with a balance of EUR 90,000 and a current account with a balance of EUR 20,000, the depositor will only be repaid EUR 100,000. In the event that accounts are denominated in a currency other than euro, the mid exchange rate of the day on which the pay-out event occurred is used for the calculation of the refundable amount.

#### <sup>3</sup>) Limit of protection for joint accounts

In the case of joint accounts, the limit of EUR 100,000 applies to each depositor.

However, deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of EUR 100,000 and shall be treated as the deposit of a single depositor.

In some cases deposits are protected over and above EUR 100,000. These cases are: Deposits resulting from private residential property transactions or fulfilling legally stipulated social purposes and are linked to particular life events of a depositor such as marriage, divorce, retirement, dismissal, redundancy, invalidity or death, or are based on the payment of insurance benefits or compensation for criminal injuries or wrongful conviction, and the pay-out event occurs within 12 months after the amount has been credited or from the moment when such deposits become legally transferrable.

More information can be obtained under [www.einlagensicherung.at](http://www.einlagensicherung.at)

#### **4) Reimbursement**

The responsible Deposit Guarantee Scheme is:

Einlagensicherung AUSTRIA GmbH

Wipplingerstraße 34/4/DG4

1010 Vienna, Austria

Telephone: +43 (1) 533 98 03-0

[office@einlagensicherung.at](mailto:office@einlagensicherung.at)

[www.einlagensicherung.at](http://www.einlagensicherung.at)

It will repay your deposits (up to EUR 100,000) within 7 working days.

If you have not been repaid within these deadlines, you should contact the Deposit Guarantee Scheme since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under <https://www.einlagensicherung.at/>.

#### **Other important information:**

In general, all retail depositors and businesses are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your account manager will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution shall also confirm this on the statement of account.

Excluded from deposit guarantee are for example deposits of credit institutions, investment firms, financial institutions, government agencies, among others. A list of exemptions from deposit guarantee can be found in Art 10 Deposit Guarantee and Investor Compensation Act (ESAEG).

In cases in which deposits are protected above EUR 100,000, a special request must be submitted by depositors to the Deposit Guarantee Scheme, generally within 12 months of the occurrence of the pay-out event.

No repayments shall be made of covered deposits if there has been no transaction in connection with a deposit in the last 24 months prior to the occurrence of a deposit guarantee case and the value of the deposit is lower than the administrative costs that would be incurred by the Deposit Guarantee Scheme in case of a payout.

Additional information on deposit guarantee and investor compensation is available online at: [www.einlagensicherung.at/FAQs%20Einlagensicherung%20und%20Anlegerentschaedigung.pdf](http://www.einlagensicherung.at/FAQs%20Einlagensicherung%20und%20Anlegerentschaedigung.pdf).

In addition, we refer to the provisions of the Deposit Guarantee and Investors' Compensation Act (ESAEG) as well as the relevant provisions in the BWG, which we will gladly provide upon request.



## Information on investor compensation pursuant to section 52 of the Act on Deposit Guarantee Schemes and Investor Compensation (ESAEG)

### Which claims are covered by the investor compensation scheme?

In general, all claims vis-à-vis the credit institution arising from

- the custody and management of securities for third parties (custody business)
- the trading of a credit institution in money-market instruments, financial futures, interest futures, forward rate agreements, interest and foreign-exchange swaps, securities and derivatives
- the participation of the credit institution in issues by third parties ("loro" issuing business)
- the acceptance and investment of severance- payment contributions and self-employed pension contributions (corporate pension insurance business)
- portfolio management by way of managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments (securities services pursuant to section 3(2) item 2 of the Austrian Securities Supervision Act of 2018).

### When does investor compensation apply?

Securities which are held on a client account as contractually agreed are merely held in custody by the bank. They are owned by the client and must be surrendered to them at any time on request, or transferred to another securities account specified by the client. As a rule, they neither qualify for reimbursement under the deposit guarantee scheme nor under the investor compensation scheme.

Securities which are held on a client account as contractually agreed, but which cannot, on instruction, be transferred by the bank in a pay-out case to another securities account, or which cannot be surrendered, are covered up to a maximum amount of EUR 20,000 in the framework of the investor compensation scheme.

Claims from credit balances on accounts which could be reimbursed both as a covered deposit and a claim subject to compulsory cover, are to be reimbursed as a covered deposit within the framework of the deposit guarantee regime (section 51(1) Deposit Protection and Investor Compensation Act, ESAEG).

Amounts stemming from the returns of client-held securities (e.g. dividend income, coupon payments, redemptions or sales proceeds) are protected as credit balances on a client account by the deposit guarantee scheme up to a maximum pay-out amount of EUR 100,000.

Proceeds which accrue between the occurrence of the pay-out event and the pay-out of the covered amount are considered within the framework of the investor compensation scheme (section 50(2), ESAEG).

Please note that section 47(2) ESAEG excludes certain claims arising out of securities transactions from investor compensation.

If the respective eligibility requirements are met, claims arising from deposit guarantee and from investor compensation may be asserted independently, there is no adding up.

### Is there a deductible?

For investors who are not natural persons, the obligation to compensate is limited at 90% of the claim arising from securities transactions for each individual investor (section 47(1) ESAEG). In this case, contrary to the deposit guarantee regime, a deductible of 10% applies.

## **PROCEDURE**

### **When do I get my money in a pay-out event?**

Investor compensation claims must be reimbursed within 3 months after the amount and the entitlement have been established by the protection scheme. In certain cases (e.g. money-laundering suspicions), pay-out may be suspended.

### **Do I have to file an application for compensation?**

Yes. In order to assert investor compensation claims it is necessary to file an application to the protection scheme. Moreover, investors must establish their identity. In the pay-out event, a form will be available for download on the website of the protection scheme. Claims which are not recognized within the framework of the investor compensation scheme may be registered as claims in insolvency proceedings.

### **Is there a deadline for filing an application?**

Yes. Investor compensation claims must be filed with the protection scheme within one year after announcement of the occurrence of the pay-out event.

### **What can I do if I missed this deadline?**

If you were unable to file your application within good time (e.g. due to illness, business travel) and can prove this to the protection scheme, you may file the application also after the above deadline has lapsed.

## **FUNDING**

### **Where does the money for reimbursement originate from?**

If a pay-out event occurs with a member institution, the institutions which are members of the protection scheme are under an obligation to immediately provide pro-rated contributions, following a defined allocation rate. If necessary, the other protection schemes must step in and must also make a contribution. If the funds such raised are insufficient, the protection scheme first affected will raise the lacking amount on the money or capital markets. For such credit operations, the Federal Minister of Finance may provide a federal guarantee pursuant to special authorisation by law.

### **Further Information**

At their request, clients may receive further written information on the subject of investor compensation free of charge.

## 10. Fee Information & Glossary in accordance with § 6 VZKG

### Fee Information Document



**Name of account provider:** Wiener Privatbank SE

**Account name:** Current Account

**Date:** November 2018

- This document informs you about the fees for using the main services linked to the payment account. It will help you to compare these fees with those of other accounts.
- Fees may also apply for using services linked to the account which are not listed here. Full information is available in General Fees & Charges
- A glossary of the terms used in this document is available free of charge.

Service	Fee (in EUR)
<b>General account services</b>	
<b>Account management</b> Includes a package of services consisting of : Account management including two sub-accounts and five transfers per quarter	Quarterly 150.00 <b>Total annual consideration 600.00</b>
<b>Internet banking</b>	Service not available
<b>Statement of account provided upon request</b>	0.00
<b>Payments (excluding cards)</b>	
<b>Transfer</b>	Starting with the 6th transfer in one quarter 50.00 Surcharge for express transfer within Austria 15.00
<b>Crediting transfer amounts to the account</b>	0.00
<b>Standing order</b>	0.00
<b>Direct debits</b>	10.00
<b>Information on non-execution</b> [Notification that the execution of a payment order was refused]	
<b>Cards and cash</b>	
<b>Provision of a debit card</b>	Service not available
<b>Cash deposit</b>	1% of the deposit amount min. 100.00
<b>Cash withdrawal</b>	1% of the withdrawal amount min. 100.00
<b>Overdrafts and related services</b>	
<b>Overdraft granted</b>	Service not available
<b>Exceeding overdraft limit</b>	Service not available

**Other information**

At [www.bankenrechner.at](http://www.bankenrechner.at) the Federal Chamber of Labour is making available, free of charge, a public website offering a comparison of the fees charged by payment services providers in Austria for the services most frequently offered in connection with payment accounts.

**List of the services most frequently offered in connection with payment accounts****1. General account services****Account management**

The account provider manages the account used by the client.

**Internet banking**

The account provider ensures that banking transactions can be handled via internet banking, and the client uses internet banking to handle banking transactions.

**Statement of account provided upon request**

Upon request, the account provider provides the client with a separate account statement relating to the management of the account. A separate fee will be charged for such a statement.

**2. Payments (excluding****cards) Transfer**

Following the client's instruction, the account provider transfers money from the client's account to a different account.

**Crediting transfer amounts to the account**

The amount of a payment which the client does not make at the counter or at a payment terminal operated by his/her payment service provider is credited to his/her account.

**Standing order**

Following the client's instruction, the account provider transfers a fixed amount of money from the client's account to a different account on a regular basis.

**Direct debits**

The customer authorises another person (the recipient) to instruct the account provider to transfer money from the client's account to the recipient's account. The account provider then transfers money from the client's account to the recipient's account on one or more dates agreed by the client and the recipient. The amount may vary.

**Information on non-execution**

The account provider shall inform the client separately about the non-execution of payment transactions (standing orders, transfers, direct debits).

**3. Cards and cash****Provision of a debit card**

The account provider provides a debit card linked to the client's account. The amount of each transaction conducted by using the card is debited directly and in full to the client's account.

**Cash deposit**

The client deposits cash at the counter or at a payment terminal operated by his/her payment service provider which the account provider then credits to the client's account.

**Cash withdrawal**

The client withdraws cash from his/her account.

**4. Overdrafts and related services****Overdraft granted**

The account provider and the client agree in advance that the client may debit his/her account even if there is no more money in the account. The agreement specifies the maximum amount to which the account may still be debited in such case and whether charges and interest will be charged to the client.

**Exceeding overdraft limit**

The account provider tolerates that the client, when conducting a payment transaction, exceeds his/her credit balance and, in the case of a granted overdraft, also the agreed overdraft limit.

## 11. Notice of Wiener Privatbank SE on payment services for consumers

The statements made herein serve the purpose of informing clients who are consumers about circumstances that could be essential for them in relation to payment services offered by Wiener Privatbank SE ("Wiener Privatbank") and regulated by the Austrian Payment Services Act (*Zahlungsdienstegesetz*). However, this notice provided by Wiener Privatbank on payment services for consumers ("notice on payment services") is no substitute for the required contractual agreements and the General Terms and Conditions.

### I. General information

#### 1. Wiener Privatbank SE

Address: A-1010 Vienna, Parkring 12  
Telephone +43 1 534 31-0, fax +43 1 534 31-710  
office@wienerprivatbank.com, www.wienerprivatbank.com

BIC (SWIFT Code): WIPBATWW  
Commercial register number: FN 84890 p Court  
of registration: Vienna Commercial Court Place of  
general jurisdiction: Vienna Commercial Court  
Sort code: 19440  
VAT registration no.:  
ATU59070249 DPR no.  
0812102

Banking hours:

Mon – Thu	09:00 – 17:00
Fri	09:00 – 15:00

Except public holidays

#### 2. Main business activities

Wiener Privatbank is a licensed credit institution pursuant to section 1(1) of the Austrian Banking Act (*Bankwesengesetz*). Wiener Privatbank provides investment services and ancillary investment services pursuant to section 1 (2) and (3) of the Austrian Securities Supervision Act (WAG). Wiener Privatbank offers you a broad range of transactions in securities and other financial instruments, particularly in connection with the buying and selling of, and providing custody services for, securities. Based in Vienna, Wiener Privatbank is a private bank specialising in investments in tangible assets. It offers top-level capital market and real estate expertise for private as well as institutional investors.

#### 3. License

Regulatory authority: Financial Market Authority  
(*Finanzmarktaufsichtsbehörde (FMA)*), Otto-Wagner-Platz 5, 1090 Vienna  
Internet address: www.fma.gv.at

Pursuant to the decision of the Financial Market Authority, Wiener Privatbank has a banking license pursuant to section 1 (1) items 1-5, 7, 8, 10-11, 15 and 18 of the Banking Act (*Bankwesengesetz*). Wiener Privatbank SE is a member of the statutory deposit guarantee scheme for Austrian bankers (*Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H.*, see information on deposit guarantee schemes and investor compensation annexed hereto).

#### 4. Membership in

Wiener Privatbank is a member of the Austrian Banker's Association (*Verband Osterreichischer Banken & Bankiers*) and of the Vienna Economic Chamber (*Wirtschaftskammer Wien*), Vienna banks and bankers section.

## **II. Account agreement and costs**

### **1. General information on the account agreement, General Terms and Conditions**

Prior to the opening of an account, clients will receive, along with this information on payment services, the application for opening a (securities) account (hereinafter "account agreement") and the General Terms and Conditions, which clients must agree with Wiener Privatbank should they be interested in using the bank's payment services. Inasmuch as agreed between Wiener Privatbank and clients, the General Terms and Conditions shall form part of the account agreement and shall, together with the provisions included in the account agreement and the agreements made with respect to the individual payment services, form the basis for the payment services to be provided by Wiener Privatbank. Along with the application for opening a (securities) account, clients will also receive supplements. During the term of the account agreement, clients are entitled to request to receive free of charge this "Information of Wiener Privatbank SE on payment services" leaflet (hereinafter "Information on Payment Services"), the General Terms and Conditions, the agreements made with respect to the individual payment services and all supplements, on paper or any other durable data medium.

### **2. Amendments to the account agreement and the General Terms and Conditions**

Wiener Privatbank shall inform clients of any amendments made to the account agreement, the General Terms and Conditions or the agreements made with respect to the individual payment services no later than two months prior to the proposed date of their application. Clients can object to the communicated amendments until the proposed date of their application. In the relevant notice, Wiener Privatbank shall draw attention to such fact as well as the clients' right to terminate the agreement free of charge and without notice before the amendments take effect.

### **3. Term and termination**

The account agreement and the agreements required for individual payment service products shall be concluded for an indefinite period of time. Clients may terminate the account agreement and the agreements with respect to payment service products free of charge at any time subject to a period of notice of one month. Wiener Privatbank must observe a notice period of two months in the event of regular termination. Moreover, if there is good cause for termination, Wiener Privatbank or the client may terminate the entire business relationship or individual parts thereof at any time with immediate effect, regardless of any other agreements.

### **4. Fees and costs**

The statement of general fees and charges, which is also available at the bank counter (hereinafter: "Term Sheet"), of Wiener Privatbank shows the fees and costs charged by Wiener Privatbank for account management and for individual payment services. Prior to the opening of an account, the client will, in addition to the present information on payment services, receive a term sheet, based on the version available at the bank counter, containing the prices and terms that are relevant for the products requested by the client. These documents form an integral part of the account agreement. Fees for recurrent services can be adjusted only subject to prior approval by the client. Such approval can also be given in accordance with the procedure described in II.2. In addition to the fees and costs as shown in the term sheet, cash expenses may be incurred under certain circumstances for amounts Wiener Privatbank has to pay to third parties when executing client orders. These additional expenses have to borne by the client as well, within the extent defined by law.

### **5. Interest**

For the interest rates agreed to apply to credit and debit balances on the account, please refer to the term sheet above. Interest rates may be changed subject to prior approval by the client. Such approval can also be given in accordance with the procedure described in II.2.

## 6. Foreign currency transactions

Where a payment service to be provided by Wiener Privatbank requires the purchase or sale of amounts in foreign currency (foreign exchange transaction), such purchase and/or sale by Wiener Privatbank shall take place based upon the market exchange rate prevailing at the time of order execution which Wiener Privatbank generally charges its clients. Clients can obtain the exchange rates valid on the transaction date at the bank counter. For any further fees charged by Wiener Privatbank for such transactions, please refer to the term sheet.

## III. Communication with Wiener Privatbank

### 1. Language

When entering into agreements and in correspondence with its clients in relation to payment services, Wiener Privatbank uses the German or English language.

### 2. Means of

### 3. Legally binding declarations and notices

Unless otherwise agreed upon, any legally relevant correspondence between Wiener Privatbank and its clients shall be in writing (in particular in the form of account statements). For authorising payment orders, as well as for notices and information in connection with payment orders, the form of communication agreed for the respective payment service product shall be used. Telephone, fax and e-mail may be used if a corresponding agreement was concluded.

## IV. Payment transaction services provided by Wiener Privatbank

### 1. Accounts for payment transactions (payment accounts)

Wiener Privatbank offers to maintain payment accounts for handling payment transactions. These are accounts to be used only for the handling of payment transactions and not for making investments.

### 2. Payment transaction services

Wiener Privatbank offers the following payment transaction services on terms and conditions to be agreed separately:

#### a. Cash deposits on a payment account

Cash can be deposited at Wiener Privatbank on business days between 09:00 and 14:00, stating the unique identifier of the payee (see below, item IV.3.). The depositor has to prove his/her identity by showing an official photo ID if the amount to be deposited is or exceeds EUR 15,000 and in those cases where identification is required due to Wiener Privatbank's duties of care and diligence.

#### b. Cash payments from a payment account

Withdrawals of amounts available on an account with Wiener Privatbank can be made during banking hours (see above, item I.1). Unless otherwise agreed upon, clients must confirm the order for cash withdrawal by signing a receipt in accordance with the signing authority granted for the account and ensure that there are sufficient funds in the account.

Any payout in cash shall be announced at least 24 hours before the withdrawal or, if the withdrawal is to take place after a weekend or public holiday, no later than on the last business day before the withdrawal, during banking hours. In the case of withdrawals in foreign currencies, this period is extended to 48 hours.

#### c. Transfers and standing orders

A transfer is a cashless transmission of a certain amount from one account to another account with the same or a different bank. The order for a transfer may take the forms agreed with Wiener Privatbank. Clients must authorise the order by signing in accordance with the signing authority granted for the account and ensure that there are sufficient funds in the account.



An order to transfer payments in the same amount to the same payee account at regular intervals is called a standing order. Clients can set up standing orders to apply until revoked or to be limited in time.

#### **d. Direct debits**

Direct debits allow a payee to collect recurrent payments of varying amounts from the payer's account. For such purpose, the payer authorises Wiener Privatbank to debit his/her/its account upon the request of a certain payee as soon as requested by said payee.

If at the time a debit entry was made, Wiener Privatbank had received an instruction from the client to pay amounts collectable by a third party specified in such order from the client's account, Wiener Privatbank must, if the client is a consumer, reverse the debiting of the amount collected from his/her account upon the client's request. This shall not apply if the bank is able to prove that the client had been provided with or given access to information in an agreed form by the bank or by the payee about the upcoming debit no later than 4 weeks prior to the due date.

Wiener Privatbank must have received the client's request for reversal of the debit entry within 8 weeks from the date of such debit entry. A justified request to reverse a debit entry shall be met within ten businessdays.

#### **e. Pre-authorised direct debits**

In the case of pre-authorised direct debits, the payer directly authorises the payee to collect recurrent payments of varying amounts from the payer's account. The payer's bank receives no instruction from the payer, but merely carries out the debit entry as soon as the payee makes a corresponding request via his/her/its bank. A payer from whose current account an amount was collected in this way is entitled to request, without giving reasons, that the collected amount be charged back within a period of 8 weeks. A justified request by the client to reverse a debit entry shall be met within ten business days.

#### **f. SEPA direct debits**

The payee (creditor) is authorised by the payer (debtor) to collect direct debits (SEPA mandate). Such authorisation for the execution of SEPA direct debits (mandates) has to be obtained by the payee (creditor) from the payer (debtor) in the national language of the payer (debtor). The bank of the payer (debtor) is not notified of a SEPA mandate having been given.

The payer has the possibility to request the chargeback of a SEPA direct debit by no later than 8 weeks of the day the debit took place. If no SEPA mandate exists, chargeback is available for 13 months.

### **3. Placement of payment orders**

When placing a payment order as listed under IV.1., include the following "unique identifier":

For orders to transfer payments to recipients holding an account with a payment service provider in Austria, other member states of the European Economic Area (EEA) or in Switzerland, the client shall identify the payee by providing the relevant International Bank Account Number (IBAN); for orders to transfer payments to a payee holding an account with a payment service provider outside the EEA and Switzerland, the client shall identify the payee by indicating: either the payee's IBAN and the BIC of the payee's payment service provider or the payee's name and account number and either the name, sort code or BIC of the payee's payment service provider.

Transfer orders are executed solely on the basis of the unique identifier. Wiener Privatbank will deem a payment order to be authorised only if the client has approved the relevant payment transaction in the manner agreed the client for this purpose. Court orders or orders issued by an administrative authority may replace such approval.

## V. Authorisation and execution of payment orders

### 1. Authorisation, revocation and refusal of payment orders

Wiener Privatbank will deem a payment order to be authorised only when the client has approved the relevant payment transaction in the manner agreed with the client for this purpose and using the payment instrument agreed with the client for that purpose. Court orders or orders issued by an administrative authority may replace such approval.

The client may revoke such approval until such time as the client's payment order has reached the bank; or, if an execution date in the future has been agreed, until the end of the business day preceding the agreed execution date.

Direct debits may be revoked by the client (payer) until no later than by the end of the business day before the agreed debiting date.

Wiener Privatbank may refuse execution of an authorised payment order only if:

- the order does not meet all the conditions set out in the account agreement and in the General Terms and Conditions (especially where the credit balance on the account or a credit line does not provide sufficient coverage or if necessary details, e.g. unique identifiers, are missing);
- execution would violate Community law or domestic regulations or a court order or an order issued by an administrative authority;
- there is reason to suspect that execution would constitute a criminal offence.

### 2. Time of receipt of payment orders

The time when Wiener Privatbank receives a payment order that complies with all the conditions agreed with the client (providing, in particular, the complete unique identifier and sufficient funds on the account) and that has been placed in the agreed form, is called time of receipt. The time of receipt determines the start of the execution period. An order shall not be deemed complete and/or to have been placed in the agreed form if the customer fails to provide all the documents that Wiener Privatbank is required to obtain and verify in accordance with the law (including directives, regulations, guidelines, etc. of the European Union) and regulatory requirements (e.g. FMA circulars). This applies specifically to the documents that must be submitted so as to allow Wiener Privatbank to monitor and comply with the anti-money laundering standards, particularly with respect to the verification of the application of funds. This shall also apply to the receipt of payments (in particular to the source of funds).

The commencement of the execution period may be delayed accordingly. Wiener Privatbank will notify the customer if any of the required documents are missing.

An order that reaches Wiener Privatbank in the form as agreed with the client and before the points in time, on a business day, as defined below, shall be deemed received on the same business day. If orders reach Wiener Privatbank after such points in time or reach the bank on a day that is not a business day, the next business day shall be deemed the time of

Payment Method	Value Date	Cut-Off WPB
SEP credit transfer	same day	until 14:30
	next banking day	until 16:30
SEPA express transfer (MT103)	same day	until 16:30
Foreign transfer (MT103) in USD	same day	until 15:00
	next banking day	until 16:30
Foreign transfer (MT103) in GBP	same day	until 13:30
	next banking day	until 16.30
Foreign transfer (MT103) in CHF	same day	until 13:30
	next banking day	until 16:30

If an execution date in the future has been agreed, that date shall be deemed the time of receipt. If foreign currency needs to be bought or sold (foreign exchange transaction) before an order can be executed, the completion of the foreign exchange transaction shall be deemed the relevant time of receipt for the execution of the payment transaction.

Business days of Wiener Privatbank for payment transactions are Monday to Friday; statutory public holidays in Austria, the 24th of December and Good Friday are not business days. The 31st of December shall be a business day until 12:00 noon.

### 3. Execution of payment orders

Since 1 January 2012, Wiener Privatbank ensures that the amount which is the subject matter of the payment transaction will arrive at the payee's payment service provider based in the European Economic Area (EEA) one business day after Wiener Privatbank has received the payment order and will be credited to the payee on the same day.

In the case of paper-initiated payment transactions, the periods indicated above shall be extended by one additional business day. These periods only apply to the following payment transactions within the European Economic Area (EEA):

- (i) Payment transactions in EUR
- (ii) Payment transactions in which amounts in EUR are transferred to an EEA member state that is not a member of the EUR area and converted into the national currency there.

For payment transactions within the EEA not mentioned above under (i) or (ii), the execution period referred to above is 4 business days.

Wiener Privatbank will execute your orders in a timely manner, so that the above-mentioned execution periods can be met.

In the case of payment orders in favour of payee accounts held at institutions outside the European Economic Area, or in the case of payment orders that are executed in a currency other than the euro, Wiener Privatbank shall ensure that the payment order is processed as promptly as possible.

In order to comply with the execution periods, it is necessary for all agreed conditions (in particular the complete unique identifier and sufficient funds on the account) to have been met.

### 4. Liability of Wiener Privatbank for failed or incorrect execution of payment orders

In the case of payment orders to be executed in euro or another currency of an EEA member state in favour of a payee account held within the European Economic Area (EEA), Wiener Privatbank shall be liable for the orderly and timely execution of the payment transaction up to receipt of the amount by the payee's payment service provider. In the case of payment orders in favour of payee accounts held at institutions outside the EEA or payment orders not executed in euro or the currency of an EEA member state, Wiener Privatbank shall ensure that the payment order is processed as promptly as possible and – if not specified further by the client – to engage other suitable payment service providers for that purpose.

From the time of receipt of the payment amount which is the subject matter of the payment transaction initiated by the payer, the payee's payment service provider shall be liable vis-à-vis the payee for the proper execution of the payment transaction. If a payment transaction is initiated by or via the payee, its payment service provider shall be liable vis-à-vis the payee

- for the proper routing of the payment order to the payer's payment service provider;
- for the processing of the payment transaction in accordance with its duties as regards value date and availability.

### 5. Information on individual payment transactions

Information about executed transfer orders, payments debited from the client's account, particularly in relation to direct debits and pre-authorized direct debits, and information on transfers credited to the client's account shall be provided to clients who are consumers monthly, upon request, in the bank, in a way that allows the client to store and reproduce it unchanged, unless the relevant transaction is already shown on the account statement. Wiener Privatbank will provide the client with the following information:

- Where applicable, the amount of fees to be paid for the payment transaction, itemised, or the amount of interest to be paid by the payer.
- Where applicable, the exchange rate upon which the payment transaction was based
- The value date of the debit or credit entry.

This information will be provided to the client regardless of whether the client is the payer or the payee.

## VII. Liability and reimbursement in connection with payment orders

### 1. Payment transactions not authorised by the

Where a payment order was executed at the expense of a client account without authorisation, Wiener Privatbank shall immediately restore the client's account to the condition it would have been in without the unauthorised payment transaction, i.e. in particular reverse the debit to the account with the amount of the payment transaction on the value date of the debit.

Clients can obtain such a correction by informing Wiener Privatbank without delay as soon as they became aware of the unauthorised payment transaction, however, not later than 13 months after the day the account was debited. Independent of the client's claim for correction, claims based on different legal grounds may also be asserted against Wiener Privatbank in individual cases.

#### b. Client's liability

Where payment transactions not authorised by the client are based upon fraudulent use of a payment instrument, the client shall be liable to Wiener Privatbank for compensation of all loss or damage incurred by the bank inasmuch as the client has

- (i) facilitated the loss or damage with fraudulent intent; or
- (ii) caused the loss or damage through intentional or grossly negligent breach of duty in connection with the careful safekeeping of payment instruments. Clients can have their passwords blocked at any time. Outside business hours, clients can have their passwords blocked by leaving a message at the telephone number +43 1 53431-763.

Where the client was only culpable of slight negligence in breaching these duties (having neglected care to an extent that cannot always be ruled out even with a person of average prudence), the client's liability for the loss or damage is limited to an amount of EUR 50.

Except in the case mentioned in (i), the client shall not be liable for payment transactions initiated by means of a payment instrument after the client instructed Wiener Privatbank to block said payment instrument or the loss, theft or misappropriation of the payment instrument was not noticeable to the payer prior to any payment.

### 2. Reimbursement of an authorised payment transaction initiated by the payee

#### a. Direct debit

Where a payment transaction authorised by the client directly vis-à-vis Wiener Privatbank was initiated by or through a payee and has already been executed through direct debiting, the client will only be entitled to a refund of the total amount of this payment transaction by Wiener Privatbank if:

- the client stated the exact amount of the authorised direct debit in the direct debit order, but the debited amount differs from it;
- Wiener Privatbank or the payee does not provide the client with or makes available to the client information in an agreed form about the upcoming debit no later than 4 weeks prior to the due date.
- Such claim shall be asserted by the client within 8 weeks from the date on which the account was debited with the corresponding amount. A justified request by the client to reverse a debit entry shall be met within ten business days

**b. Pre-authorised direct debit**

Where an authorised payment transaction was initiated by or through a payee and has already been executed through pre-authorised direct debiting, the client will be entitled to a refund of the total amount if the client asserts the claim within 8 weeks of the time the account was debited with the corresponding amount of this payment transaction. A justified request by the client to reverse a debit entry shall be met within ten business days.

**c. SEPA mandates**

Where an authorised payment transaction was initiated by or through a payee and has already been executed, the client will be entitled to a refund of the total amount if the client asserts the claim within 8 weeks of the time the account was debited with the corresponding amount of this payment transaction. If an amount was withdrawn from a client's payment account, the client may, within this period, raise an objection and have any amount debited from the account charged back without giving reasons. A justified request by the client to reverse a debit entry shall be met within ten businessdays.

**VIII. Complaints, redress procedures, agreements on governing law and jurisdiction**

Wiener Privatbank will always undertake its best efforts to serve its clients as best possible, keeping their interests, wishes and needs in mind in all aspects of the banking business. Should a client nonetheless have reason to complain, Wiener Privatbank shall investigate such complaints immediately. For this purpose, clients should either contact their account manager or – if no satisfactory resolution can be achieved by that route – the senior management of Wiener Privatbank or its complaints unit as mentioned below.

Clients can also direct complaints to the Joint Conciliation Board of the Austrian Banking Industry (*Gemeinsame Schlichtungsstelle der österreichischen Kreditwirtschaft*), Wiedner Hauptstraße 63, 1045 Vienna, or to the Financial Market Authority (*Finanzmarktaufsichtsbehörde (FMA)*), Otto-Wagner-Platz 5, 1090 Vienna.

The ordinary courts of Austria shall be competent to adjudicate on disputes in connection with account management or payment services and shall apply Austrian law in doing so. The place of general jurisdiction of Wiener Privatbank (for legal actions of clients against Wiener Privatbank) is stated in I.1. Austria shall continue to be the general place of jurisdiction for any legal action brought against a consumer even if said consumer, after conclusion of the agreement, transfers his/her domicile abroad, provided that Austrian court decisions are enforceable in that country.

## 12. Information of Wiener Privatbank SE on data processing according to Articles 13 and 14 of the EU General Data Protection Regulation (GDPR)

We would like to inform you about the processing of your personal data and the rights and entitlements that you are guaranteed under data protection law. The subject matter and scope of processing is largely determined by the products and services respectively agreed or by the individual products and services you have ordered.

### Who is responsible for processing and who can you contact?

The person responsible for processing is	The data protection officer of Wiener Privatbank SE is:
Wiener Privatbank SE Parkring 12 1010 Vienna Austria	Gertraud Wisiak Parkring 12 1010 Vienna Austria
T: +43-1-53431-0 F: +43-1-53431-710 E-Mail: office@wienerprivatbank.com	T: +43-1-53431-479 datenschutz@wienerprivatbank.com

### Which data is processed and where is this data sourced?

The personal data is provided by you or by a sales partner you have authorised. In addition, we process data duly received from credit bureaus, lists of debtors (e.g. CRIF GmbH, KSV 1870 Holding AG) and from publicly accessible sources (e.g. company register, association register, land register, the media).

Personal data includes your personal details (name, address, contact details, date and place of birth, nationality, job-related information, etc.), identification (e.g. ID information) and authentication (e.g. specimen signature). Moreover, personal data may include contract data (e.g. payment orders), information from the performance of our contractual obligations (e.g. transaction data from payments), information about your financial status (e.g. credit standing, scoring and rating data), promotional and sales data, documentation data (e.g. customer support reports), register data, sound and image data (e.g. video and telephone recordings), information from your electronic correspondence with the bank (e.g. apps, cookies), processing results generated by the bank itself and data for ensuring compliance with statutory and regulatory requirements.

### For what purposes is data processed and on the basis of which legal provisions is it processed?

Your personal data is processed in compliance with the provisions under data protection law (EU General Data Protection Regulation, Austrian Data Protection Act

#### — For compliance with contractual obligations (Art 6[1b] GDPR)

Personal data is processed (Art 4 number 2 GDPR) to provide and procure banking business, financial services and real estate business, especially for the performance of our contracts concluded with you and the execution of orders and discharge of all activities required for the operation and management of a credit and financial services institutions. The purposes of processing are primarily determined by the specific product and may include needs analyses, advice, asset management and administration as well as the execution of transactions.

#### — For compliance with legal obligations (Art 6 [1c] GDPR)

Personal data may be processed for the purpose of ensuring compliance with various legal obligations (e.g. Banking Act, Financial Market Money Laundering Act, Securities Supervision Act, Stock Exchange Act) and prudential obligations (e.g. European Central Bank, European Banking Authority, Austrian Financial Market Authority) to which Wiener Privatbank SE, as an Austria credit institution, is subject. Examples for such cases are:

- notification to the Financial Intelligence Unit of certain cases of suspected money laundering (Sec. 16 Financial Market Money Laundering Act [FM-GwG]);
- provision of information to fiscal prosecution authorities within the scope of tax litigation on account of intentional fiscal offences;
- provision of information to the Financial Market Authority (FMA) in accordance with the Securities Supervision Act (WAG) and the Stock Exchange Act (BörseG), e.g. to monitor compliance with the provisions relating to the abuse of insider information in the market;
- provision of information to the government's fiscal authorities pursuant to Sec. 8 of the Account Register and Account Inspection Act (KontRegG).

#### — **Within the scope of your consent (Art 6 [1a] GDPR)**

If you give us your consent to process your personal data, processing is performed in accordance with the purposes established in the letter of consent and the scope defined therein. Consent that has been given may be revoked at any time with future effect (e.g. you may object to having your personal data processed for marketing and promotional purposes if you no longer agree to having such data processed from a given point forward).

#### — **For the purposes of legitimate interests (Art 6 [1f] GDPR)**

Where necessary, and in consideration of the interests of Wiener Privatbank SE or a third party, data processing may go beyond the actual performance of the contract for the purposes of our legitimate interests or the legitimate interests of a third party. In the following cases, data is processed for the purposes of legitimate interests:

- consultation of and data exchange with credit bureaus (e.g. CRIF GmbH, KSV 1870 Holding AG) to determine credit and/or default risk
- assessment and optimisation of procedures for needs analysis and direct customer communication
- promotion or market and public opinion research, provided you do not object to the use of your data in accordance with Art 21 GDPR
- telephone recordings (e.g. orders)
- action taken for purposes of business management and the advancement of products and services
- action taken to protect employees and customers as well as the bank's property
- action taken for the sake of fraud prevention and control (fraud transaction monitoring), against anti-money laundering, terrorist financing and offending crime
- in legal proceedings

### **Who receives your data?**

At Wiener Privatbank SE, the data is made available to the offices and employees who require the data to fulfil contractual, legal and prudential obligations and the purposes of legitimate interests. In addition, we provide your data to authorised processors (particularly IT and back office service providers), provided they require the data to perform their respective services. All processors are contractually obliged to keep your data confidential and to process the data only within the scope of the services they provide.

To meet statutory or prudential obligations your personal data may also be provided to public authorities and institutions (e.g. European Banking Authority, European Central Bank, Austrian Financial Market Authority, financial authorities). This also entails disclosure to third countries if FATCA and CRS notifications are necessary.

With respect to data disclosure to other third parties, we would like to point out that Wiener Privatbank SE, as an Austrian credit institution, is obliged to maintain banking secrecy pursuant to sec. § 38 Banking Act (BWG) and thus obliged to keep confidential all customer-related information and facts that it is entrusted with or to which it gains access as a result of the business relationship. We are thus permitted to disclose your personal data only if you expressly release us from banking secrecy beforehand in writing or if we are obliged or authorised to disclose such data under statutory and/or prudential rules. In this connection, the recipients of personal data may be other credit and financial institutions or comparable institutions whom we

transmit data to for purposes of our business relationship with you (depending on the contract, these may be correspondent banks, stock markets, depositary counts banks, credit bureaus, etc.).

### **How long is your data stored?**

We process your personal data as necessary over the duration of the entire business relationship (from initiation, performance all the way to termination of the contract) and, over and beyond this, in accordance with the statutory retention and documentation duties arising out of the Commercial Code (UGB), der Fiscal Code (BAD), the Banking Act (BWG), the Financial Market Money Laundering Act (FM-GwG) and the Securities Supervision Act (WAG). This retention period also needs to take into account the statutory limitation periods, which, according to the General Civil Code, for example, may extend up to 30 years in certain cases (the general limitation period is 3 years).

### **Which data protection rights are you entitled to?**

You have the right to access your stored data, the right to rectification, erasure or restriction of processing of your stored data, the right to object to the processing and a right to data portability in accordance with the requirements under data protection law.

If you are of the opinion that, in processing your data, we are in breach of Austrian or European data protection law, we ask you to contact us to allow us to resolve your concerns.

Furthermore, you may also address any complaints you may have to the competent data protection authority. For Austria: Austrian Data Protection Authority – Österreichische Datenschutzbehörde, Barichgasse 40-42, 1030 Vienna [www.dsb.gv.at](http://www.dsb.gv.at)

Within the scope of the business relationship you are obliged to provide the personal data needed to take up and implement the business relationship and the data we are legally obliged to collect. Should you not provide this data to us, we will not be able to enter into the contract with you or to perform the contract or we will be obliged not to continue performing any existing contract and terminate such contract as a result. However, you are not obliged to consent to the processing of any data that is not relevant for the fulfilment of the contract or any data that is not required by the law and/or for prudential purposes.

### **Is the decision-making process automated and does it include any profiling?**

We do not use any fully automated decision-making in accordance with Article 22 GDPR to decide whether to establish or implement a business relationship.

For loans and credit, a manual credit check (based on ratings) is carried out. Your master data (e.g. marital status, period of employment), information on your general financial circumstances (e.g. income, assets, monthly expenses, obligations, collateral) and your payment track record (e.g. proper credit repayment, reminders, information from credit bureaus) are used to assign a rating. If the default risk is too high, the credit application is rejected, an entry is made in the micro-credit records kept by KSV 1870, if so required, and an internal warning is put on file. Once a credit application is rejected, this information is available in the micro-credit records kept by KSV 1970 for a period of 6 months in accordance with the notice submitted by the Austrian Data Protection Authority.

### **Amending this information sheet**

Please note that we reserve the right to amend the information on data processing whenever there is need.

You will always find the latest version of this information sheet on our website at

[https://www.wienerprivatbank.com/fileadmin/user\\_upload/Information\\_Writing\\_Data\\_Protection\\_Regulation\\_English.pdf](https://www.wienerprivatbank.com/fileadmin/user_upload/Information_Writing_Data_Protection_Regulation_English.pdf).



## **Information on data processing in accordance with Sec. 21(5) Financial Market Money Laundering Act (FM-GwG)**

The credit institution is obliged under the Financial Market Money Laundering Act (FM-GwG) and in line with its commitment to due diligence for the prevention of money laundering and terrorist financing to obtain and retain specific documents and information from persons whenever it establishes a business relationship or implements a transaction from time to time.

In accordance with the Financial Market Money Laundering Act (FM-GwG), the credit institution is obliged to establish and verify, among other things, the identity of customers, the beneficial owner of customers or any trustees of the customer, to evaluate the purpose pursued by customers and the type of business relationship sought by customers, to obtain and verify information on the origin of the funds used and to continuously monitor the business relationship and the transactions performed within the scope of this business relationship. In particular, the credit institution is obliged to retain copies of the documents and information received and required for the performance of the described due diligence and of the transaction documents and records required for the detection of transactions. The Financial Market Money Laundering Act (FM-GwG) grants the credit institution the legal authority, within the meaning of the Data Protection Act, to use the above-referenced data from customers to perform its due diligence with a view to preventing money laundering and terrorist financing, obligations to which the institution is legally bound and which serve the public interest. Data processing within the scope of the due diligence described above is based on the bank's legal obligation. Therefore, the bank cannot recognise the customer's objection to this data processing. The credit institution is obliged to delete all personal data processed and saved by it exclusively on the basis of the Financial Market Money Laundering Act (FM-GwG) for purposes of preventing money laundering and terrorist financing as soon as a 10-year retention period has expired, unless the provisions of other federal acts require otherwise or authorise a longer retention period or the Financial Market Authority has established longer retention periods by way of an ordinance. Personal data processed solely on the basis of the Financial Market Money Laundering Act (FM-GwG) for purposes of preventing money laundering and terrorist financing must not be processed in a manner that is incompatible with these purposes. This personal data may not be processed for other purposes, such as commercial purposes.