

Information on handling conflicts of interest

Deutsche Postbank AG (hereinafter also referred to as “Postbank”) is eager to avoid conflicts of interest that may arise in relation to its business activities and especially in relation to investment services and ancillary services. For a universal bank in particular, however, it cannot be ruled out that conflicts of interest may occur in individual cases. In these cases, Postbank always acts professionally while paying close attention to its customers’ interests. Postbank has taken precautions in this context to detect conflicts of interest and to address them with corresponding avoidance measures.

Postbank is providing its customers with the following information on the handling of conflicts of interest pursuant to the provisions of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Conflicts of interest may arise between Postbank’s customers and Deutsche Postbank AG, our management, contractually bound agents or other companies in the Postbank Group or Deutsche Bank Group, the employees of Postbank Group, other people affiliated with Postbank, or among these customers themselves.

Conflicts of interest can arise in particular from:

- investment consulting and the brokering of products in the bank’s own interests (sales or commission) or in the interests of agents,
- receiving or granting benefits (e.g. trail commissions or benefits in kind) to or from third parties,
- performance-related remuneration of employees and agents,
- granting benefits to our employees and agents,
- employees’ own interests in the business of customers,
- other business activities of the Postbank Group, particularly its interest in selling its own financial instruments,
- relations of our Bank with issuers of financial instruments, such as may arise from credit relationships, joint participation in issues, and cooperations,
- obtaining information that is not publicly known,
- recommending an investment when publishing financial analyses (recommended investment strategies or recommended investments),
- personal relationships of our employees or management or persons associated with them, or
- when such people sit on supervisory or advisory boards.

Postbank requires high ethical standards of its employees and agents in order to prevent unrelated interests from negatively affecting the performance of investment services and ancillary services for customers. Postbank expects its employees to be diligent and honest, to conduct themselves properly and professionally, to observe market standards, and to particularly consider the interests of the customer at all times.

Postbank has established an independent compliance function that reports directly to the Management Board. The responsibilities of the compliance function include detecting potential conflicts of interest as well as monitoring the prevention and management of conflicts of interest by the business divisions. Specifically, Postbank has taken the following measures to prevent conflicts of interest:

- establishing organizational precautions and implementing control processes to protect customer interests in investment consulting and investment brokering;
- drafting regulations for the inclusion of new products in sales activities;
- creating regulations on granting and accepting benefits and their disclosure;
- creating regulations on handling confidential information;
- creating regulations on handling (potential) inside information;
- creating regulations for private transactions by employees and the monitoring thereof;
- training for employees;
- checking whether conflicts of interest detected in financial analyses exist and disclosing them;
- monitoring the observance of customer interests in designing and implementing sales guidelines in the securities business.

Postbank discloses conflicts of interest that cannot be avoided to the customers concerned below or – separately – prior to a business transaction or during a consultation.

Please note the following points in particular:

The customer pays a service fee (commission fee) directly to Postbank for the off-market investment units (acquisition via fund company), certificates, or structured bonds (subscription). Customers pay a service fee (transaction price) directly to Postbank for securities transactions on the market, as well.

In conjunction with providing services and ancillary services for security transactions, Postbank receives monetary and non-monetary benefits from third parties (benefits).

These monetary benefits include volume-based trail commissions that financial investment management companies pay to Postbank on a recurring basis for the fund units held in client custodian accounts and that come from the management fees they collect. These also include the trail commissions paid to Postbank by issuers of certificates and structured bonds.

The benefits described above are explained and disclosed to customers by their investment consultant on a product-by-product basis as part of investment consulting. Moreover, the product information documents and what is referred to as the detailed cost forecast also contain information on the benefits.

In addition to the described benefits in the form of commissions and cash benefits, Postbank receives free benefits from service providers and product partners, particularly in the form of product information materials, financial analyses, technical services, and equipment for access to third-party information and processing systems. Product training and customer events are performed in cooperation with service providers and product partners as part of the regular training of employees and agents and to provide customers with information.

The receipt of the benefits mentioned is intended to improve service quality for customers. In particular, it serves to provide additional or higher-value service for the respective customers. This improved quality results in part from the provision of an extensive network of affiliated consultants, which ensures qualified investment consultants are available on site throughout Germany.

Upon request, Postbank will be happy to provide customers with more specific details on potential conflicts of interest, particularly on the receipt or granting of benefits.

As of: January 2018