

Information about us  
and our securities  
services

**ERSTE** 

# Information about us and our securities services

## Information for customers

(As of: 1 October 2019)

Pursuant to the Austrian Securities Supervision Act (WAG 2018), we are required to provide you with the following information about us and our securities services.

## A. Information about us

Erste Bank der oesterreichischen Sparkassen AG (Erste Bank),  
Am Belvedere 1, A-1100 Vienna

### 24-hour Service

Tel.: +43 (0)5 0100 - 20111

email: [24hservice@s-servicecenter.at](mailto:24hservice@s-servicecenter.at)

### Central switchboard

Tel.: +43 (0)5 0100 - 10100

Fax: +43 (0)5 0100 9 - 10100

email: [service@s-servicecenter.at](mailto:service@s-servicecenter.at)

### Company details

Registered office: Vienna

FN: 286283f

Commercial Court: Vienna

VAT ID No.: ATU63358299

DVR: 3002133

Swift Code/BIC: GIBAATWWXXX

Bank routing number: 20111

License: licensed credit institution pursuant to Section 1(1)  
of the Austrian Banking Act

### Responsible supervisory authority

Financial Market Authority

Otto-Wagner-Platz 5,

A-1090 Vienna,

[www.fma.gv.at](http://www.fma.gv.at)

### Chamber/Trade association

Austrian Economic Chambers Banking section

Wiedner Hauptstraße 63, A-1040 Vienna,

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

### Legal provisions

The principal legal provisions are the Austrian Banking Act (Bankwesengesetz, BWG), the Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz, WAG), and the Austrian Savings Bank Act (Sparkassengesetz, SpG), in each case as amended ([www.ris.bka.gv.at](http://www.ris.bka.gv.at)).

## B. Additional information pursuant to the Austrian Media Act

### Imprint

[www.erstebank.at](http://www.erstebank.at)>Imprint

### Links

On its website, Erste Bank hosts links to other websites. Erste Bank does not review such websites with respect to their content or lawfulness. Erste Bank has no influence over the design of such websites and expressly disavows any unlawful content that may be depicted there. Moreover, Erste Bank assumes no responsibility or liability for such content.

### Email

Please be advised that, in conformity with the Austrian E-Commerce Act, email sent to us is downloaded only during normal banking hours.

### Languages

You can communicate with us in the following languages: German or English.

### Data protection

All personal data is handled by us in accordance with the Austrian Data Protection Act (DSG 2000, as of 25. Mai 2018: Datenschutz-Grundverordnung).

### Annual report

The consolidated annual report of Erste Group Bank AG can be downloaded from our website as a PDF document beginning in the 2nd quarter of the subsequent financial year:  
[www.erstebank.at](http://www.erstebank.at)

# Deposit insurance and investor indemnification

## C. Deposit insurance and investor indemnification

### C.1. Deposit insurance

In August 2015, the new Guarantee Schemes and Investor Compensation Act (Gesetz zur Einlagensicherung und Anlegerentschädigung – ESAEG) entered into force. As before, the guarantee covers customer deposits of up to EUR 100,000 per customer and bank. In some cases, the guarantee also covers deposits of up to EUR 500,000.

#### What has changed?

We have summarised the major points and changes for you.

#### Which deposits does the guarantee cover?

**As in the past**, the guarantee covers deposits of up to EUR 100,000 per customer and bank. For joint accounts, this limit basically also applies for each customer.

**New:** In special cases, the guarantee covers deposits of up to EUR 500,000 for a maximum period of 12 months – for example, in the event of severance payments or private real estate purchases.

**New:** The guarantee also covers deposits held in foreign currencies.

#### Who is covered by the deposit guarantee?

**As in the past**, the guarantee covers the deposits of all customers.

**New:** With respect to corporate customers, the guarantee now also covers the deposits of large corporate entities (pursuant to sec. 221 [3] Commercial Code [UGB]).

#### Which accounts are covered by the deposit guarantee?

**As in the past**, the deposit guarantee covers

- savings accounts and passbooks
- transaction accounts
- securities settlement accounts
- building society saving accounts

#### Which accounts are not covered by the deposit guarantee?

**As in the past**, the guarantee does not cover

- securities accounts, which are guaranteed up to an amount of EUR 20,000 under the investor compensation scheme
- deposits of institutional customers, including banks, insurers, investment companies, pension and retirement funds
- deposits of the federal, regional and municipal governments

#### What qualifies as a guaranteed event?

The deposit guarantee protects your funds when your savings are not paid out by the bank, because:

- the credit institution is subject to bankruptcy proceedings,
- receivership has been granted,
- payments have been suspended or
- the Financial Market Authority has established that a credit institution is unable to repay deposits for financial reasons and there is currently no prospect that it will be able to do so in the future.

#### What is the payout procedure when a guaranteed event occurs?

Compensation is paid out without having to specifically apply for disbursement.

In future, funds will also be available to ensure payout.

The banks will be contributing to these funds in installments until 2024.

The previous arrangement of shared liability no longer applies for the deposit guarantee scheme (where the Republic of Austria and the respective bank each assumed half of the payout). The system has been strengthened by virtue of the many various financing instruments used.

The payout deadline will gradually be reduced from 30 to 7 working days by 2024.

### C.2. Statutory investor indemnification

#### Which claims are covered by investor indemnification?

In general, all claims against the bank from

- safeguarding and management of securities for others (custodial business)
- trading by the bank in money-market instruments, financial futures contracts, interest futures contracts, forward rate agreements, interest, currency and equity swaps, securities, and instruments derived from them
- participation by the bank in third-party securities issues (third-party securities underwriting business)
- acceptance and investment of severance payment contributions and self-employed pension insurance contributions (occupational pension insurance business)
- portfolio management through the discretionary management of portfolios on an individual customer basis in connection with the customer's authorisation, provided that the customer portfolio contains one or more financial instruments (securities services pursuant to § 1 Z 3 WAG 2018).

Securities maintained in a customer custodial account in conformity with the contract are merely held in safekeeping by the bank. They are the customer's property and are to be issued to him or her or transferred to a different custodial account designated by him or her at any time upon request. Consequently, they generally do not constitute a case for either deposit insurance or investor indemnification.

Securities that are maintained in a customer custodial account in conformity with the contract but that in a guarantee case cannot be transferred to a different custodial account or issued to the customer as per his or her instructions are guaranteed in connection with investor indemnification up to a maximum amount of EUR 20,000. Claims associated with account balances that could be indemnified both as a covered deposit and as a guaranteed claim associated with securities transactions are to be indemnified as a covered deposit in connection with deposit insurance (section 51, para. 1 of Deposit Insurance and Investor Indemnification Act (Einlagensicherungs- und Anlegerentschädigungsgesetz, ESAEG)).

Amounts originating from the return on the customer's securities (e.g. dividend earnings, coupon payments, redemptions, or sales proceeds) are guaranteed in connection with deposit insurance as the customer's account balance up to a maximum disbursement amount of EUR 100,000.

Income generated between the occurrence of default and the payment of the guaranteed amount is covered in connection with investor indemnification (section 50, para. 2 ESAEG).

Please be aware that in section 47, para. 2, the ESAEG excludes certain claims associated with securities transactions from the guarantee in connection with investor indemnification.

If the prerequisites are met, claims under deposit insurance and investor indemnification can be asserted independently of each other. They are not totalled.

#### How is the amount of the claim calculated?

The amount of the claim is to be determined in accordance with the market value of the securities at the time default occurs.

#### Is there a deductible?

For investors who are not natural persons, the deposit guarantee scheme's payment obligation is limited to 90% of the claim associated with securities transactions per investor (section 47, para. 1 ESAEG). In other words, in contrast to deposit insurance, a deductible of 10% is applied here.

#### When will I receive my money in the event of default?

Claims under investor indemnification must be paid out not later than three months after the deposit guarantee scheme determines the amount and the entitlement. In certain cases, payment may be suspended.

#### Do I have to file an application for indemnification?

Yes. It is necessary to apply with the deposit guarantee scheme in order to assert claims under investor indemnification. In addition, the investor must prove his or her identity. In the event of default, a corresponding form will be made available on the deposit guarantee scheme's website.

#### Is there a deadline for filing the application?

Yes. Claims under investor indemnification must be lodged with the deposit guarantee scheme not later than one year after the occurrence of default.

#### What can I do if I miss this deadline?

If through no fault of your own (e.g. illness, business travel) you were unable to file your application on time and can demonstrate this to the deposit guarantee scheme, you can file it even after expiry of the aforementioned deadline.

#### The essential differences between deposit insurance and investor indemnification:

	Deposit insurance	Investor indemnification
Maximum payment amount:	EUR 100,000 in certain cases, EUR 500,000 (section 12 ESAEG)	EUR 20,000
Deductible:	No	For non-natural persons, 10%
Payment deadline:	7 business days	3 months
Customer application necessary:	No Exception: covered deposits that are limited in time (section 12 ESAEG)	Yes

You can find supplemental information about the deposit guarantee and investor indemnification online at [www.erstebank.at/einlagensicherung](http://www.erstebank.at/einlagensicherung) and [www.sparkasse.at/einlagensicherung](http://www.sparkasse.at/einlagensicherung)

There you can also find the full text of the Deposit Guarantee and Investor Indemnification Act (ESAEG).

# Safekeeping of customer assets

## C.3. Savings banks joint liability scheme

In connection with mutual liability agreements, Erste Bank und Sparkassen is liable for the disbursement of customer deposits beyond the amounts insured by statute. This liability thus acts as a supplement to the statutory deposit insurance and investor indemnification schemes.

A material component of the joint liability scheme is an early warning system that enables early identification of member risks and prevention of a savings bank from encountering potential economic difficulties.

The main aim is to increase the economic viability of the savings bank group for the benefit of customers and thus to safeguard the deposits of our customers.

By way of this joint liability scheme, Erste Bank und Sparkassen seeks to document and reinforce this aim.

## D. Safekeeping of customer assets and information on bail-ins in the event of bank resolution or recovery proceedings

### D.1. Securities purchased in Austria

Securities purchased in Austria are routinely held in custody in Austria, with a third-party custodian commissioned by Erste Bank. Normally, they are held in a custody account at OeKB CSD GmbH (Central Securities Depository, subsidiary of Oesterreichische Kontrollbank AG) or at another credit institution authorised to act as a custodian. When securities are held in Austria, this generally takes the form of collective custody. This does not interfere with the customer's rights, since in particular the scope of the customer's securities holdings can be determined at any time. Austrian law is applicable to custody in Austria.

### D.2. Securities purchased abroad

Securities purchased abroad are routinely held in custody abroad with a third-party custodian commissioned by Erste Bank. When securities are held abroad, this generally takes the form of depository custody in which the depositor has no claim to ownership but instead only to surrender of equivalent securities (Wertpapierrechnung). In this case, the customer is credited with a claim to delivery of that share of securities held by Erste Bank for the customer's account out of the total portfolio held abroad. When securities are held in custody abroad, foreign laws and practices apply.

### D.3. Liability of Erste Bank

In connection with securities custody, Erste Bank is liable to retail customers for fault by a third-party custodian in accordance with the principles of vicarious liability under section 1313a of the Austrian Civil Code (Allgemeines Bürgerliches Gesetzbuch, ABGB) to the same extent as for its own negligence.

### D.4. Banking secrecy

We are obligated by law to comply with banking secrecy. This means that we are not allowed to provide information to foreign issuers that request disclosure of shareholders and holders of debt securities, since, depending on national laws, this could cause them to incur detriments, such as loss of dividends, withdrawal of voting rights, and restrictions on negotiability.

### D.5. Custody on omnibus accounts

Third parties entrusted with the custody services by the bank routinely hold customer securities in what are known as 'omnibus accounts'. In so doing, the securities of several customers are recorded in a shared account. As a result, the securities can no longer be directly identified as belonging to a specific customer as the customer becomes co-owner of a collective holding. If, by way of exception, the account no longer holds sufficient securities, a cut proportional to the individual share in the co-ownership may result. For any related loss, the customer is advised to invoke their legal position vis-à-vis the bank under the custody contract.

## D.6. Information on bail-ins in the event of bank resolution or recovery proceedings

To create a common European framework of rules and instruments for the recovery and resolution of banks, the EU has issued a directive (Bank Recovery and Resolution Directive establishing a framework for the recovery and resolution of credit institutions and investment firms ['BRRD']). This directive was transposed into Austrian law as Bundesgesetz über die Sanierung und Abwicklung von Banken (**BaSAG**, Federal Act on the Recovery and Resolution of Banks). In addition, the Regulation on the Single Resolution Mechanism (**SRM**) applies to system-relevant banks in the eurozone.

The Federal Act on the Recovery and Resolution of Banks (BaSAG) governs a number of different aspects, including the participation of a bank's creditors (**bail-in**) in a bank's resolution under prudential supervision. The purpose is to prevent the use of taxpayers' money when a bank risks defaulting.

When a bank is at risk of failing, the competent resolution authority may apply a number of resolution tools:

### Sale of business

All or part of a bank's assets and/or liabilities are transferred to a buyer. For the bank's clients and creditors this translates into a change in their contracting partner or debtor.

### Bridge institution

A public-sector institution takes over the liabilities and/or assets of the bank undergoing resolution. For the bank's clients and creditors this again translates into a change of their contracting partner/debtor.

### Asset separation

This is what is called the 'bad bank' mechanism. The assets and/or liabilities of the bank concerned are transferred to special-purpose vehicles for deleveraging. For clients and creditors this again entails a change of their contracting partner/debtor.

### Bail-in

When an authority orders the resolution of a bank, the bank's equity and debt is written down in whole or in part or converted into equity. The purpose of this approach is to stabilise the bank affected. In such a case, shareholders and creditors may have to bear substantial losses as the resolution authority may reduce their claims, without their consent, in the extreme case even to zero.

Currently, instruments for loss absorption must be taken in the following order:

1. Common Equity Tier 1 capital (stocks, shares of an GmbH, KG or cooperative)
2. Additional Tier 1 capital (e.g. additional-Tier-1 issue, unsecured perpetual subordinated bonds with optional-redemption or write-down clause)
3. Tier 2 capital (e.g. subordinated "Tier 2" loans, undisclosed reserves, profit-sharing certificates)
4. other unsecured subordinated financial instruments and debts (e.g. subordinated loans/bonds/profit-sharing certificates that do not meet the requirements for AT1 or T2 instruments)
5. debts from unsecured non-subordinated, non-structured bonds with explicitly reference to the lower seniority related to the next grade (so-called Non-Preferred-Senior-Bonds)
6. unsecured non-subordinated financial instruments (e.g. structured bonds, bearer bonds, non-covered deposits of large corporates in the amount of over EUR 100,000)
7. lastly, deposits of small- and medium-sized enterprises and private individuals not covered by the deposit guarantee scheme

Exempted from bail-in are deposits subject to the deposit guarantee scheme as well as covered bank bonds ('covered bonds' or mortgage bonds) and separate assets (e.g. investment funds).

The BRRD rules have been implemented in the laws of member states **across Europe**. Bail-in may thus also be applied to bank bonds from other EU countries, for example, although the details of the rules may vary at national level.

Should the shareholders and creditors incur greater losses when resolution measures are taken, they are entitled to compensation from what is termed the Single Resolution Fund ("SRF"). However, these compensatory payments may be made at a significantly later point in time.

# Customer profile and customer categories

## RISK DISCLOSURE:

For a bank's creditors and shareholders, the bail-in proceedings may lead to a **total loss** of the capital invested. The resolution authorities may make **changes to the basic conditions** of the affected financial instruments (e.g. they can alter the maturity or the interest rate to the investor's detriment). The mere threat to implement resolution measures may make a **sale** difficult or possible only with a substantial loss in value. The loss risk increases the more financial instruments and debts of the same bank are included in the securities account of a single investor. Even if the original **issuing document** or **marketing material** of a bank product does not specifically describe the bail-in option, the product may be affected by a bail-in under the law.

You will find further information on the websites of Österreichische Nationalbank ('OeNB') and the FMA at: <https://www.oenb.at/finanzmarkt/drei-saeulen-bankenunion/einheitlicher-abwicklungsmechanismus.html>

<https://www.fma.gv.at/bankenabwicklung-in-oesterreich/>

You will also find further information on the website of your bank.

<https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/wertpapier-services/rechtliche-dokumente/information-zur-glaebigerbeteiligung>

## E. Customer profile and customer categories

Our customers are always the focus of our efforts. In order to ensure that we can give you advice that is tailored to your personal needs, comprehensive information needs to be provided to your customer advisor.

### E.1. Customer profile

As our customer, you can be assured of receiving the best possible advice from us. Before making you an offer, your customer advisor has to obtain extensive information from you. We need this data in order to be able to tailor our recommendations to your needs. This is moreover intended to help you assess the consequences and ramifications of the recommended financial instruments.

The scope of the data to be collected is defined in detail in the WAG 2018 in conjunction with the delegated (EU) Regulation 2017/565. This includes identifying the customer's assets, the customer's income (including the ability to absorb losses), the purpose of the investment, the duration of the investment (including risk tolerance), and knowledge about and experience with financial instruments. The scope of advisory services depends to a great extent on the amount of information that you provide about your personal situation. The more detailed the information that you provide, the more focused the work by your advisor can be in developing recommendations tailored to your needs. If you are not prepared to give us the minimum information required by law, we are not allowed to make any recommendations.

### E.2. Customer categories

The WAG 2018 sets forth three categories of investors: the retail customer, the professional customer, and the eligible counterparty. The differentiation is based on well-defined criteria. Customer advisors assign customers to one of the three categories.

If you wish to be reassigned to a different category, you must make an application, after which we will review the criteria mandated by statute. The WAG 2018 provides for a specific level of protection for you depending on the category to which you have been assigned. This means that reassignment to a different category also results in a change in the level of protection.

# Retail business

## E.2.1. Retail customer category

Customers in the retail customer category enjoy the highest level of investor protection. This protection includes comprehensive duties to provide information. Also, a suitability and appropriateness review must be undertaken when providing investment advice.

This category also includes self-employed individuals, enterprises, and other legal persons. It makes no difference whether the assets are personal or part of a business. The size of the investment is irrelevant as well.

As a customer using our Self-Directed Investor Service you are generally classified as a 'retail customer', affording you the highest possible level of protection under the Securities Supervision Act (WAG 2018).

## E.2.2. Professional customer category

Customers in the professional customer category are those who have extensive experience with and knowledge of the investment business and can evaluate and control the relevant risks correctly and comprehensively. Only the suitability review is undertaken when providing investment advice. The customer is expected to have adequate financial means.

This category may include:

- Financial institutions, insurance companies, investment companies, pension funds
- Countries, states, regional governments
- Central banks, supranational entities (World Bank, International Monetary Fund, European Investment Bank)
- Large companies that meet at least two of the following requirements:
  - total assets: EUR 20 million
  - net turnover: EUR 40 million
  - own funds: EUR 2 million

## E.2.3. Eligible counterparty category

Being classified and treated as an eligible counterparty requires meeting the prerequisites for a professional customer. Eligible counterparties receive the lowest level of protection under the WAG 2018. Customers in this category receive no investment advice within the meaning of Section F.2.1. However, if they are given investment advice, they are treated as professional customers.

## F. Retail business

### F.1. Suitability and appropriateness review

In giving you investment advice, your customer advisor will review your customer profile as well as your investment targets and make any modifications necessary to take into account any change in your circumstances. Your customer advisor determines whether the recommended investment instrument suits you using the details you provide. In other words, he or she will review whether you have adequate financial resources, whether you are able to carry any losses that may arise, what level of risk you are prepared to assume, and whether the financial instrument corresponds to your investment goal (investment purpose and investment term) (suitability review).

He or she will check whether the risk of your total assets, including the recommended financial instruments, match your risk type in the customer profile as per the risk assessment carried out by our institution. If your experience is deemed to be insufficient, your customer advisor will provide new advice accordingly.

The customer advisor will also review whether you are familiar with the risks and opportunities of the relevant financial instrument and have the corresponding experience (appropriateness review).

If this review shows that the financial instrument is not suitable and/or appropriate, your customer advisor will point this out to you, issue a warning, and refrain from making a recommendation. If you nevertheless insist on concluding the transaction, you would have to do so without advice.

#### F.1.1. Definition of high-risk securities

High-risk securities are characterised by high volatility (the measure for currency fluctuations, e.g. fluctuating security prices or fluctuating interest rates). As volatility rises, the risk of achieving a return below the expected return rises as well. As a result, the chances of making a profit increase and the risk of loss rises as well – possibly up to a total loss.

The risk a product entails is also affected by the issuer's credit standing (ability to honour obligations, e.g. interest and principal repayment). The lower the issuer's credit standing, the higher the projected interest payments will be and the higher the (default) risk with respect to the repayment of capital invested and interest.

When assessing the risk of an investor's total assets, the following are considered high-risk securities: shares, share funds, warrants, etc. Further high-risk investments, such as corporate bonds, equity investments, fund-based insurance policies with a high stock component, etc. are likewise ascribed to this category.

The proportion of high-risk securities in an investor's total assets can be used to determine whether the investment structure is suitable for an investor in light of the risk share.

#### **F.1.2. Definition of low-risk securities**

Low-risk securities are characterised by low volatility. As volatility decreases, the risk of not achieving the expected return is reduced as well. As a result, the chances of making a profit decrease, while the risk of loss is reduced as well.

The risk a product entails is also affected by the issuer's credit standing. The better the issuer's credit standing, the lower the (default) risk is.

When assessing the risk of an investor's total assets, euro bonds issued by issuers with an excellent credit standing are considered low-risk securities. Other forms of saving, such as passbooks, home ownership savings contracts, etc. are likewise ascribed to this category.

#### **F.1.3. Definition of issuers with good credit standing**

Issuers with good credit standing are debtors (e.g. state, bank, company, etc.) who, based on their financial strength, are expected to service the interest of the securities they issue on an ongoing basis and to be able to repay them anytime.

Credit standing can be assessed using the available ratings (risk assessments) issued by international rating agencies (e.g. Standard & Poor's, Moody's, Fitch). Ratings are based on an extensive analysis of the debtor, including profitability, equity capital, competitive position, management, etc. and are expressed as a letter grade.

Where no rating is available, the debtor's credit standing can also be assessed using the bank's internal risk assessment (comparable to a rating).

## **F.2. Advice-based transactions and independent transactions**

What is the difference between advice-based transactions and independent transactions?

- In the former case, your investment decision is based on a recommendation by your customer advisor.
- In the latter case, it is based on your own decision to acquire the financial instrument absent advice.

#### **F.2.1. Advice-based transactions**

Investment advice is a business that includes investment consulting and asset management. It entails the recommendation of a financial instrument or an investment service that is tailored to your needs. The recommendation is made on the basis of a suitability and appropriateness test conducted using the information you provide (s. section F.1.).

##### **F.2.1.1. Investment advice**

It is considered to be a recommendation when we propose an investment product that is suitable and appropriate for you. If we provide a recommendation, you will receive a record of the related conversation held.

However, it is not considered to be a recommendation when we provide you with general information through public media about a type of security or about investment products, when we speak with you about market developments, or when we make informational material available to you.

In any case, you should make sure you consult your customer advisor at least once a year to discuss your investments.

##### **Non-independent advice**

The investment advice we provide qualifies as non-independent advice. In other words, our product range does not cover a substantial number of financial instruments available in the market but primarily includes financial instruments issued and offered by Erste Group Bank AG and its affiliates. However, on the same count, we also offer a broad base of third-party products.

##### **Follow-up advice excluded**

Within the scope of the investment advice specified under section F.2.1.1., our obligation to give advice ends once your order has been executed. In other words, we do not provide any follow-up advice. Follow-up advice is when a credit institution expressly agrees to routinely review and actively inform you whether your financial instruments or your investment continues to be suitable. We do not

provide this service. Naturally, we are pleased to be of assistance if you contact us on your own initiative for further consultations. For your ongoing support, we have devised a number of special services for you, including the asset management contract.

#### **F.2.1.2. Asset management**

Asset management means the management of a portfolio for an individual customer with discretionary latitude in connection with the customer mandate, provided such portfolio contains one or more investment products. In addition to general information, you will be specifically informed about the chosen investment strategy before the agreement is signed.

#### **F.2.1.3. Invest Manager/digital asset management**

Invest Manager is the management of a portfolio on the basis of a suitable investment strategy (investment mix) agreed with the customer.

We ensure compliance with the investment strategy. As the Invest Manager is bound by the agreed investment strategy, we will inform a customer whenever the investment strategy is no longer suitable for that particular customer.

#### **F.2.2. Independent transactions**

With independent transactions, we will review whether your investment decision is appropriate. The review of whether your investment decision is suitable can be omitted. If the appropriateness review is negative, you will be warned by us in a standardised manner. Please note that the target market criteria are not subject to any review, or not subject to a complete review in non-advisory business.

It is considered to be an independent transaction when

- You have made it explicitly clear that you wish to make the investment
- We have made no personal recommendation
- You insist on execution of the order despite a negative result of the suitability and/or appropriateness review
- A suitability and/or appropriateness review cannot be performed (for example, if you fail to provide information on the customer profile and investment objectives or when the required product documents are not available)
- You execute your transactions on your own via digital banking (George).

#### **F.2.2.1. Digital Banking (George)**

We accept orders via digital banking (George) for further processing as non-advisory business. Accordingly, the criteria set forth under section F.2.2. apply as well.

#### **F.2.3. Orders placed using various means of telecommunications**

Orders that you place with us using the telephone or fax can be processed as non-advisory business.

You are likewise welcome to use various means of telecommunication to do business with your customer advisor that requires investment advice. In any case,

your customer advisor will conduct a suitability and appropriateness test and send you all the necessary customer and product documents in the course of the investment advice. At your request, the documents can also be sent by email. However, we will send such documents to you by email only after you have declared that you expressly agree to us sending you the required documents electronically.

#### **F.2.3.1. Recording electronic customer communication**

On account of regulatory requirements under the WAG 2018, any calls (e.g. via telephone or for video-based advice) and/or electronic communication (e.g. via email) between you and our sales unit that lead or may lead to the conclusion of business transactions involving financial transactions are recorded and archived.

At your request, copies of these records will be made available to you over a period of five years from the time of such a call or communication.

Such recorded communication will be deleted after expiration of a 5-year period. Any option to communicate by telephone in the course of business transactions involving financial instruments and the related recording of such communication will be agreed under separate cover.

# Benefits for the Bank in securities business

## G. Benefits for the Bank in securities business

### G.1. Acceptance of benefits

When rendering securities services, we accept benefits (“sales incentives”) from third parties under agreements that we have in place and for our part comply with. These third-party benefits are designed to help us permanently improve the quality of our services for our customers. We expressly declare that acceptance of such benefits does not interfere with our acting in the best possible interests of our customers.

Erste Bank receives one-off non-cash benefits (e.g. in the form of a front-end loads for specific fund transactions) or ongoing non-cash benefits (e.g. in the form of trailer fees for specific fund portfolios) from third parties. The customer is informed of the retained non-cash benefits prior to the transaction by way of the ex-ante cost disclosure and the periodic ex-post cost disclosure.

Erste Bank is also entitled to accept small cash benefits – see G.2.

In asset management, no benefits may be retained and/or accepted.

### G.2. Minor non-cash benefits

Erste Bank has the right to accept invitations and gifts of minor value from third parties as is customary and permissible between business partners – for example, in the form of invitations of minor value to cultural events, gifts of minor value on special occasions (e.g. Christmas gifts) or information on a financial instrument. However, such acceptance shall be permitted on the condition that customer interests are not prejudiced and the invitations and gifts are liable to improve the quality of the service for customers.

# Information about execution principles

## H. Information about execution principles

Erste Bank will transmit all orders of its clients to Erste Group Bank AG (referred to as Erste Group in the following) for execution. Erste Group is selected due to the special performance relationships. After a thorough assessment based on the regulatory requirements Erste Bank takes the view that Erste Group ensures the best possible execution of transmitted orders for its clients.

Erste Group provides standardized processes specifically designed for Erste Bank. Therefore, the execution of client orders through Erste Group allows for effective and cost-effective execution, settlement, and billing of transactions in securities and derivatives and takes into account the special requirements of Erste Bank.

Within the collaborative interaction Erste Group also provides Erste Bank with the necessary infrastructure and the needed services. Due to the combination of these factors, Erste Bank achieves cost advantages in execution, settlement, and billing of orders of retail and professional clients. In addition, the provided infrastructure meets the criteria relating to speed and likelihood of execution.

Additional synergy effects are obtained by the provision of:

- Order routing, billing and settlement functionalities
- Market accesses through Erste Group
- Maintenance and further development of IT systems
- Support services in the daily business, such as hotline service or emergency support in case of system failures
- Support and representation of interests in committees and projects
- Competitive data processing systems for order processing in the branch business and brokerage in line with our organisational structures and work flows

The execution policy of Erste Group also applies where Erste Bank or its agent Erste Asset Management GmbH, in performance of duty based on an asset management contract with the client, purchases or sells financial instruments to the client's account.

Depending on the type and size of the order as well as on the liquidity of the market, the portfolio manager can choose an alternative execution venue, if this ensures the best possible result for the client. In particular, that is the case when an order of large size is executed faster and completely at such an alternative execution venue due to the higher liquidity and the order can be executed at the best possible price for the client due to the resulting cost advantages.

The institute has to monitor the efficiency and effectiveness of the arrangements and execution policy.

Please find the execution policy for retail and professional clients, valid as amended, on

<https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/wertpapier-services/rechtliche-dokumente/durchfuehrungsgrundsaeetze>

### Summary of the Execution Policy for Orders of Retail Customers

#### H.1. Scope

- This summary of the execution policy for retail customers sets out the key steps Erste Group Bank AG (referred to as Erste Group in the following) has taken in compliance with the Securities Supervision Act 2018 (WAG 2018) to ensure that the best possible result for its clients is obtained when executing their orders. The following **execution standards solely apply to retail customers** as defined under WAG 2018.
- The requirements of WAG 2018 on best execution are one of the key objectives of investor protection. These requirements apply to investment firms who carry out portfolio management or receive and transmit client orders in financial instruments or execute such orders against their own book. Client orders, which Erste Group receives, transmits, or executes as well as transactions, which Erste Group executes when providing portfolio management to clients, will be referred to as orders in the following.
- According to WAG 2018, investment firms have to take all sufficient steps to obtain the best possible result for their clients when executing client orders. Where an investment firm executes an order on behalf of a retail customer, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to the execution. The latter shall include all expenses incurred by the client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.
- The execution policy is an integral part of the account and deposit opening agreement between Erste Bank and the client. As a prerequisite for the opening of a securities account, clients have to give their prior consent to this policy. In addition, their consent shall be deemed to be given repeatedly when they place orders with Erste Bank.

## H.2. Execution Standards

Erste Group executes orders according to the following standards:

- a. Erste Group takes all sufficient steps to obtain the best possible result for the execution of client orders on a consistent basis, but not on a single order basis. Erste Group places orders at execution venues, which it deems suitable for this purpose. Execution venues include regulated markets (RM), multilateral trading facilities (MTF), organised trading facilities (OTF), systematic internaliser (SI), and other liquidity provider.
- b. For the selection of the execution venue, different execution factors are considered, which enable Erste Group to obtain the best possible result for the client. The following factors are taken into account, where different weightings are applied depending on the class of financial instruments:
  - price
  - costs
  - speed of execution
  - likelihood of execution
  - other relevant factors
- c. For retail customers, the best possible result is determined in terms of the total consideration, representing primarily the price and costs of the financial instrument relating to the execution.
- d. The costs taken into account by Erste Group include, for example, execution venue fees, taxes, broker fees, or clearing and settlement fees.
- e. Erste Group offers the execution of client orders in the following classes of financial instruments:
  - shares, exchange traded funds (ETFs)
  - bonds
  - investment funds
  - certificates and warrants
  - OTC Derivatives
- f. When executing orders, Erste Group takes into account the classification of the client as retail customer.
- g. If there is a specific client instruction, Erste Group executes the order according to the specific instruction. The client should note that this may prevent Erste Group from taking the steps it has designed and implemented to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.
- h. Erste Group receives and transmits orders as an agent to other entities for execution on a commission basis or executes orders either directly at a trading venue or against its own book.
- i. When choosing third parties for transmission of orders for execution (referred to as broker in the following), Erste Group applies a standardised selection procedure. Erste Group assesses on a regular basis whether the connected brokers have effective execution policies and arrangements in place, which ensure best execution on a consistent basis in line with Erste Group's execution policy and WAG 2018. If needed, any deficiencies are corrected.
- j. Erste Group reviews its execution policy at least annually and informs its clients about any material changes to this policy.
- k. Erste Bank will demonstrate to its clients, at their request, that it has executed their orders in accordance with its execution policy or their specific instructions.
- l. Further information about the execution criteria of Erste Group for retail customers and their meaning as well as a description of the market conditions for each class of financial instruments can be found under <https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/wertpapier-services/rechtliche-dokumente/durchfuehrungsgrundsaeetze>
- m. Further information about the execution criteria of Erste Group for professional clients can be found under <https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/wertpapier-services/rechtliche-dokumente/durchfuehrungsgrundsaeetze>
- n. Under <https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/wertpapier-services/rechtliche-dokumente/durchfuehrungsgrundsaeetze>, Erste Group provides a link to the most recent execution quality data published in accordance with Article 27(3) of Directive 2014/65/EU

If you wish, you can, of course, also obtain this information from your personal advisor.

# Basics regarding the handling of conflicts of interest

## I. Basics regarding the handling of conflicts of interest

Erste Bank has taken the following steps to ensure that conflicts of interest between Erste Bank and its customers or among its customers do not have a negative effect on customer interests:

### I.1. Conflicts of interest can arise within Erste Bank

between our customers and

- our bank
- employees working at our bank
- other customers

when providing investment services/ancillary services, especially in the following areas:

- financing
- asset management
- sales
- order execution for others

in particular, from relationships

- of our bank with issuers of financial instruments, e.g. via participation in supervisory or advisory boards, and
- of issuers of financial instruments with our bank, e.g. as customers of our bank, and from relationships of our bank with issuers of financial instruments where
- our bank maintains a direct or indirect investment in the respective issuer of financial instruments.

In addition, conflicts of interest may arise if our bank

- participates in issues of financial instruments undertaken by the respective issuer
- acts as lender/guarantor for the respective issuer of financial instruments
- makes/receives payments to/from the respective issuer of financial instruments
- collaborates with the respective issuer of financial instruments or
- operates/holds direct or indirect subsidiaries/ investments together with the respective issuer of financial instruments.

### I.2. Conflicts of interest can also arise, particularly where

- Erste Bank sells and/or recommends products of its own affiliated companies as well as products of Erste Group and its affiliated companies due to its close affiliation with Erste Group
- our bank or relevant individuals from our bank has/have access to information that is not yet public knowledge at the time of the customer transaction
- there are incentives to give preference to a certain financial instrument, e.g. when giving advice, making a recommendation, or executing an order

### I.3. In order to avoid such conflicts of interest as far as possible, our bank has a multi-tier organisation with corresponding allocation of responsibilities.

As a credit institution, we and our employees are obligated by law to provide securities services and ancillary services in a fair, honest and professional manner and in the interests of our customers and to avoid conflicts of interest as far as possible.

Apart from this, we can draw upon a compliance organisation, which can, in particular, take the following actions:

- Set up confidentiality zones with so-called “information barriers”, i.e. virtual or actual barriers to monitor or limit the flow of information
- Promulgate guiding principles for employees when dealing for their own account, in particular, supplementary provisions on custodial accounts for employees in sensitive areas
- Obligate all employees to disclose their transactions involving financial instruments
- Implement ongoing monitoring of all employee transactions involving financial instruments
- Maintain watch lists and blacklists for financial instruments that are prone to conflicts of interest. Employee transactions involving financial instruments on the watch list are permitted subject to certain restrictions, but they are centrally monitored. Transactions involving financial instruments on the blacklist are prohibited
- Create rules regarding the acceptance and execution of orders
- Product review process when products are introduced
- Rules for investment and investor consultations
- Rules on the compensation system for our employees

# Important information for our customers

that are designed to ensure objective advice in the customer's best interest and to prevent from the very outset that preference is given to the sale of certain financial instruments

- Create rules regarding the acceptance of gifts and other benefits
- Arrange for ongoing training of our employees
- Obligation by all employees to disclose side occupations, participations, and mandates

## **I.4. If certain conflicts of interest cannot be avoided through the aforementioned allocation of responsibilities or our compliance organisation,**

we will inform our customers thereof in accordance with these principles. If necessary, we will refrain from making assessments, giving advice, or making recommendations concerning the relevant financial instrument.

## **J. Important information for our customers**

### **J.1. Cost disclosure:**

Depending on the time of the transaction, there are 3 types of cost disclosures:

1. Before the transaction: The 'ex ante cost disclosure' gives you an overview of the expected costs, fees and their effects on earnings BEFORE the transaction (purchase, sale, etc.).
2. After the transaction: The 'one-time ex-post disclosure' provides information on the costs actually incurred and is made available to you via the settlement document AFTER the transaction as quickly as possible, but no later than on the first business day after order execution.
3. Annually: The "periodic ex-post cost disclosure" lists all the costs, fees and funds incurred or received in the course of a given year. This disclosure is sent to you at year-end along with the securities account statement.

### **List of your securities**

You will be sent a list of your securities once every quarter of a year in the form of a securities account statement. As part of the asset management report, a list of all the investment orders under the asset management contract will be sent to you once every three months.

Costs and fees are indicated in the posted table of terms or on specific product sheets or in the cost preview for the respective product (available from your customer advisor). Any costs incurred by a product (known as 'product costs') are indicated in the key information document (KID) or the customer information document. When providing investment advice or executing non-advisory business, your customer advisor will inform you about the costs to be expected for the respective product and the service offered. This information is transmitted in different ways, depending on the type of business and the financial instrument in question.

Where a cost preview for a specific transaction can be provided, the indicated fees and costs for a transaction are calculated on the basis of the respective price applicable or from the net asset value if the transaction involves a one-time investment in a fund. Fees vary depending on the type of security involved and the venue of order execution. In foreign-currency transactions, additional costs may be payable for foreign exchange commissions and margins and would be disclosed accordingly.

It should be noted that the costs disclosed are calculated on the basis of the stock exchange or market price applicable at the time of issue of such disclosure. Any fluctuations occurring until the time of execution cannot be taken into account. Where no price for a security is available at the time the disclosure is issued, the costs shall be taken as a percentage from the posted table of terms. Any fees and costs disclosed to you prior to an investment transaction will be settled as part of the transaction via the selected settlement account. Product costs indicated in the disclosure do not give rise to any additional payment flows, but are already included in the product's specific price or net asset value.

In the event of non-certificated derivatives, no costs are incurred for a service provided; only the product costs are payable. All the product costs included are taken into account in the valuation of the individual business transaction prior to the beginning of the product term. Over the term of the derivative, customers receive derivative valuations but no further periodic information about running costs, since no such costs are incurred.

# Ombudsman's office

## J.2. Loss reporting

For leveraged products and in the case of asset management, we write up a notification as soon as a loss threshold has been reached (-10% or a multiple thereof).

### J.2.1. Loss reporting for leverage products

The initial value is used as reference for calculating whether a loss threshold has been reached (-10% or a multiple thereof). The initial value corresponds to the purchase price. In the event of multiple purchases, an average price will be calculated for all purchases. Assets credited to your securities account will be taken into account with their value on the day they are credited. Securities held in foreign currencies will always be converted to euros.

### J.2.2. Loss reporting for asset management

The initial value is used as reference for calculating whether a loss threshold has been reached (-10% or a multiple thereof). The initial value corresponds to the value indicated in the last quarterly report.

## K. Ombudsman's office

Your customer advisors and our Ombudsman's office are available for any complaints you may have.

### Contact

ombudsstelle@erstebank.at

### Address

Erste Bank der oesterreichischen Sparkassen AG  
Ombudsman's office  
Am Belvedere 1  
A-1100 Vienna

The Ombudsman's office can be contacted by telephone at 05 0100 - 13003 and in person/by post at Am Belvedere 1, A-1100 Vienna.

Details on our complaints procedure and on alternative dispute settlement authorities are available on our website in the section "Ombudsman's office".

We endeavour to find the best solution for your complaint. Should you feel that we have not met your expectations, you may take your complaint to an alternative dispute resolution body.

- the Joint Conciliation Board of the Austrian Banking Industry. For further information on complainant eligibility and the procedure, please go to <http://www.bankenschlichtung.at/upload/downloads/QuestionandAnswer.pdf> or simply contact the Joint Conciliation Board of the Austrian Banking Industry, Wiedner Hauptstraße 63, A-1045 Vienna, Tel.: + 43 5 90 900 118337, Website: <http://www.bankenschlichtung.at/>, email: office@bankenschlichtung.at
- the Online Dispute Resolution platform of the EU for online transactions: <http://ec.europa.eu/consumers/odr/>

You also have the option of contacting the Financial Market Authority at

<https://www.fma.gv.at/beschwerde-und-ansprechpartner/> or taking civil action.

[erstebank.at](https://www.erstebank.at)

