

Best Execution Policy Under MiFID
(Stratégia vykonávania pokynov)

Všeobecná úverová banka, a.s. (“VUB“) is doing its utmost to ensure the best possible way of executing orders of its clients in the given conditions. Our aim is to execute activities related to the receipt, forwarding and execution of orders of clients efficiently, taking into consideration the client’s preferences and profile in order to achieve the best possible conditions for clients and in compliance with the relevant instructions and this Best execution policy (“Policy“). For this purpose, we have adopted the following measures:

1. Order Execution Principles

In case the client’s order does not contain any specific instructions, at its execution we consider the following factors: price, costs, speed of execution, probability of execution and settlement of deal, volume of order, its nature or other potential significant aspects.

However, if the client issues a specific instruction regarding the order, we act according to this specific instruction and this acting is considered the fulfilment of the obligation of achieving the best possible result for the client. A specific instruction is considered also the setting of a limit price in a specific currency, which obliges us to execute the order in the given currency and it thereby delineates the spectrum of places of execution and partners (e.g. in case the limit price is in Euro, the instruction will be executed in the places of execution trading in Euro). The client must be aware of the fact that in case of giving any specific instruction, this can prevent us from acting in line with our implemented Policy for Achieving the Best Possible Result. If we follow a specific instruction, we do not bear the responsibility for achieving the best possible result under this Policy.

2. Waiving of Policy

In this connection, mainly the following situations are not considered the execution of a client’s order (and this Policy will not be applied):

- when we notify the prices at which we are willing to buy or sell a financial instrument,
- when we are addressed by the client with a request for a direct quotation of a financial instrument,
- when we are in mutual negotiation with the client regarding the details of a transaction for our own account,
- when the client is classified by the Bank as an authorized counterparty,
- in case of spot transactions, deposits and loans, which are not covered by this Policy;

3. Execution venues

In each execution of an order, we select such a execution venue or a source of liquidity, when we are able to achieve the best possible result for the given financial instrument. In fulfilment of this obligation, we can use one or more types of the following execution venues:

- regulated markets,
- multilateral trading system,
- systematic internalizers,
- our portfolio,
- other market participants

Regulated markets as one of the execution venues form an Annex to this Policy. In cases we consider appropriate and in relation with execution of the Policy we can add and remove specific execution venues. We revise the list of places of execution on a regular basis in relation to each type of financial instrument and also to the facts influencing the selection of execution venues. The given execution venues enable us to permanently keep achieving the best possible result in executing client's orders. The list of execution venues is published on our website www.vub.sk.

In our procedures we also set, for which financial instrument is a specific execution venue the most suitable one in terms of the best possible result and given adequate expectations. In case of those financial instruments, where there is only one execution venue, it is assumed that we have provided a service of the best possible result.

Only upon a previous consent of the client, some of the orders for financial instruments, which are traded in regulated markets or multilateral trading systems, can be executed also outside these regulated markets or multilateral trading systems.

4. Manner of Order Execution

In case the client does not submit any specific instruction, in the manner of execution we consider the following factors:

- price,
- costs,
- speed,
- probability of order execution or settlement of deal,
- volume or size of order,
- nature of order,
- other potential significant parameters;

When evaluating the relative significance of each of the above-mentioned factors we take into account the following:

- characteristics of the client submitting the order (including its classification or categorization),
- character and nature of the order, including potential specific instructions,
- nature of the financial instrument, which is subject of the order
- characteristics of the place where the order can be forwarded to;

In executing an order, the highest priority is usually attributed to the factor of price, next factor in the rank of significance is, in our experience, the market liquidity.

Nonetheless, we reserve the right, in compliance with the professional care principle and this Policy, to decide whether other factor does not bear a greater significance for execution of a certain order. Such decision is based on the business experience of our specialists including the consideration of all relevant impacts of the respective financial market at a given moment.

In order to ensure the factors by executing of the client orders – as the speed and probability of order execution, the bank uses such counterparties, who enable the bank to obtain on a consistent basis the best possible result for the execution of its client orders (Annex 2). The bank is entitled, but not obliged, to use other counterparty, which is not included in the Annex of the execution venues.

If we execute the order for the account of a non-professional client, the best result is determined in view of the overall performance representing the price of the financial instrument and the costs related to order execution the client incurred and which are directly connected with order execution, including the settlement fees and any other fees paid to third parties involved in order execution. Should there be more than one competition execution venue for a financial instrument, in assessing a delivery of the best possible result for the client we take into account commissions and order execution costs in each execution venue stated in this Best Execution Policy and available for execution of the given order.

In a special case, when we decide to execute an accepted client order via another stockbroker, we assume the obligation to take all due steps in order to achieve the best possible result for the client.

We undertake that we shall not set or charge our commissions in a way that would discriminate some places of execution.

5. Order Execution Procedures

5.1 Financial Instrument – Shares

We take a client's order and according to the currency, in which the limit price condition to buy / sell the shares is set or advance for purchase of shares paid, we select the counterparty, country of execution or stock exchange, at which the trading in the given currency is feasible to execute. If there are simultaneously more countries or more stock exchanges in one or more countries, which are trading the given currency, our decision is taken according to the following priorities:

- the most convenient execution price – then we select the market, in which it is possible to achieve the most convenient execution price for the client, i.e. the lowest purchase price and the highest selling price;
- cost minimization – in case there are two or more markets with the same execution price, our decision is then based on the amount of fees of the given market so as to execute the client order at the lowest possible costs related to the deal;
- liquidity – in case there are two or more markets with the same costs related to the transaction, our decision is then based on the liquidity of the given market. Higher priority is attributed to a market with the higher traded volume of securities. Should the execution of an order require a higher speed of execution of the transaction (reaction to fast changing market conditions e.g. after the information with a material impact on the market price) the liquidity of the security in the given market is the most important execution condition. This means that in order to achieve the highest selling price or the lowest purchase price we will prefer executing the order to minimizing the costs.

Following the execution of the deal with a counterparty or at a stock exchange, we enter the deal into our IT system. Once the deal is executed at the stock exchange through a stockbroker, we enter the deal into the IT system after obtaining a business confirmation.

Places of execution:

- regulated markets (according to Annex No. 1),
- multilateral trading system,
- our portfolio,
- other market participants.

5.2 Financial Instrument – Mutual Fund Certificates

We take a client's order via the IT system and execute the order as follows:

- if the mutual fund certificates are from an open mutual fund of an asset management company publishing a net value of assets in the fund or revaluating its mutual fund certificates on a daily basis, we send an order for a subscription or a back purchase to the given asset management company or the mediator of the sale of mutual fund certificates ensuring the mentioned activities;

- if the mutual fund certificates are from a closed mutual fund of an asset management company traded via a stock exchange or stockbrokers, we follow the rules as in case of trading shares;

Following the execution of the deal with a counterparty or at a stock exchange, we enter the deal into the IT system. Once the deal is executed via an asset management company or a mediator of sale of mutual fund certificates, we enter the deal into the IT system after obtaining a business confirmation.

Places of execution:

- regulated markets (as in Annex No. 1),
- multilateral trading system,
- our portfolio,
- other market participants.

5.3. Financial Instrument – Bonds

We take a client's order via the IT system and executing the order our decision is taken according to the following priorities:

- the most convenient execution price – via the IT system we find out the most convenient execution price, i.e. the lowest purchase price and the highest selling price quoted by stockbrokers via the electronic trading system.
- cost minimization – if there are two or more sources with the same execution price, our decision is based on the amount of fees of the given stockbroker or investment company in order to execute the client's order at the lowest possible costs related to the deal;
- liquidity – if a counterparty rejects the request for execution of a deal via the electronic trading system (the order is returned, its deadline is expired or the counterparty offers a different, less convenient price), we again reassess the execution of the order under the sections 1.) and 2.) and we disregard the rejected price despite the fact that it appears in the electronic system;

Following the execution of the deal with a counterparty or at a stock exchange, we enter the deal into the Bank's IT system. Once the deal is executed via an investment company, we enter the deal into the IT system after obtaining a business confirmation.

Places of execution:

- regulated markets (as in Annex No. 1),
- multilateral trading system,
- our portfolio,
- the venues, which enable the bank to obtain on a consistent basis the best possible result for the execution of its client orders (Annex 2).

6. Time of Client Order Execution

We have introduced procedures and measures ensuring an immediate, fair and speedy execution of client orders in relation to the orders of other clients or to our business interests. These procedures and measures allow that otherwise comparable client orders are executed according to the time of their receipt ensuring the fulfilment of these conditions:

- orders executed for the clients' account are immediately and precisely recorded and allocated,
- comparable client orders are executed immediately on a gradual basis except cases when the nature of the order or the prevailing market conditions do not allow it or it is not in the client's interest,
- a non-professional client will be informed of any serious obstacles to a duly execution of orders that we are aware of.

At the same time, we monitor the settlement of an executed order or ensure this settlement and we also provide for an immediate and correct transfer of all financial instruments or funds of the client received at the settlement of this executed order to the account of the respective client.

Information on unexecuted client orders is not misused and we have adopted relevant measures to prevent a misuse of this information by any of our employees.

The client hereby agrees that based on the professional care principle we will consider when an order is deemed immediately executed. An order which is not immediately executed will be published via our website or the website of the Bratislava Stock Exchange (Burza cenných papierov v Bratislave, a.s.). Pursuant to the professional care principle and in the effort of achieving the best result for the client possible, it will be upon our consideration which order is deemed immediately unexecuted.

As for limit client orders concerning shares received for trading in a regulated market, which are not immediately executed according to the prevailing market conditions, we adopt (unless a client expressly issues other instructions) measures to enable a soonest possible execution of this order by immediately publishing this limit client order as to make it easily accessible to other market participants. This obligation is deemed fulfilled, if we forward the limit client order to a regulated market or to a multilateral trading system. A limit order is understood as an order to buy or sell a financial instrument within a set price limit or in the most convenient way and in a set volume.

7. Placing and Joining Orders

We join client orders or deals for own account with the orders of another client only in these cases, when it is unlikely that joining of orders and deals will be in overall inconvenient for either of the clients, the orders of which should be joined. Each client, the order of which should be joined is informed about the fact that the effect of the joining in relation to the specific order can be to its detriment. We efficiently observe the

measures for allocation of orders ensuring a fair allocation of joined orders and deals at sufficiently precise conditions, mainly if volume and price determine the allocation and conditions for dealing with partially executed orders.

If we are joining an order with one or more orders of one client and the joined order has been partially executed, we allocate the related deals pursuant to this section. If we join a deal for our own account with one or more client orders, we allocate the related deals in a way, which is not harming the client. If we are joining a client order with a deal for our own account and the joined order has been partially executed, we allocate the related deals preferentially to the client. If we were unable to execute the order at such convenient conditions without this joining or at all, we allocate the deal for our own account proportionally in line with our Order Allocation Policy.

8. Joint Accounts

We conclude agreements on deals consisting in securities financing related to financial instruments of a client or we otherwise use such financial instruments for our own account or for the account of another client only provided that the below conditions are met:

- client had granted a prior express consent for the use of financial instruments under precisely determined conditions and confirmed this consent; if it is a professional client, the consent is to be confirmed by a signature,
- use of financial instruments of a client is not limited by precisely set conditions that the client had approved of.

Deals consisting in securities financing represent a case of loaning or borrowing of shares or loaning or borrowing of other financial instruments, repo transaction or back repo transaction, or buy/sell back transactions or sell/buy back transactions.

We conclude agreements on deals consisting in securities financing related to financial instruments, which are kept for a client on a joint account or we otherwise use financial instruments kept on such account for their own account or for the account of another client, provided that the below conditions are met:

- each client, the financial instruments of which are kept jointly on a joint account had granted his/its express consent therewith,
- and we have introduced systems and control mechanisms ensuring that only those financial instruments belonging to the clients that had granted their prior express consents can be used in this way.

9. Evaluation and Update

We regularly monitor and review the efficiency of the adopted Policy and the subsequent quality of order execution. The Order Policy is updated at least once a year and in case of any material changes impacting

our ability of achieving the best possible result for clients in executing their orders. At the same time, at least once a year we review the efficiency of the Best Execution Policy namely in terms of whether the places of execution included in it allow us to achieve the best possible result for the client and whether it is necessary to make changes in our measures related to order execution. All material changes of our measures for order execution and the Best Execution Policy are notified to the clients in time.

10. Information About the Bank

Všeobecná úverová banka, a.s.

Mlynské nivy 1

829 90 Bratislava

Commercial Register of District Court Bratislava I., Section: Sa, File No.: 341/B

Company Registration No.: 31 320 155

VAT No.: SK2020411811

Tax Identification No.: 2020411811

Bank Code: 0200

Bank Designation: SUBA

SWIFT Code: SUBASKBX

10.1 License

VUB as a stockbroker has been granted a license for provision of investment services by the Financial Market Authority, Vazovova 2, 813 18 Bratislava, under the No. GRUFT-014/2002/OCP on January 8, 2003. This license is deemed a license issued by the National Bank of Slovakia, since effective from January 1, 2006 the supervision of stockbrokers was transferred from the Financial Market Authority to the National Bank of Slovakia.

11. Contacts:

Call Centre – Service KONTAKT

Tel.: 0850 123 000

E-mail: kontakt@vub.sk

The Call Centre is available 24 hours a day.

Head Office

(on business days from 7:30 am to 6:00 pm)

Tel.: 02 5055 1111

Fax: 02 5556 6656

FX Transactions, Money Market

Tel.: 02 5055 9655

Capital Market

Tel.: 02 5055 9444

MM Structured Products, IR Derivatives, FX Options

Tel.: 02 5055 9555

12. Communication

In the business contact with us, the client can use the Slovak language. The use of another language in the business contact is possible upon agreement with the client. The form and conditions of communication are also subject to agreement with the client, while except personal communication, in certain cases, we can use communication via mail or electronic communication media (fax, telex, telephone, GSM, e-mail or electronic media).

13. Entry into force

This Best Execution Policy enters into force on 7th September 2009.

Regulated Markets

Currency	Country	Stock Exchange	
EUR	Austria	Wiener Borse	
	Belgium	EuroNext Brussels	
	Finland	OMX Nordic Exchange Helsinki	
	France	Societe des Bourses Francaises	
	Germany		Boerse Berlin-Bremen
			Frankfurter Wertpapier Boerse
			Hanseatische Wertpapierboerse Hamburg
			Bayerische Boerse
			Baden-Wuerttembergische Wertpapierboerse zu Stuttgart
			European Warrant Exchange (EUWAX)
			Rheinisch-Westfalische Boerse zu Dusseldorf
			Niedersachsische Boerse zu Hannover
	Deutsche Boerse		
	Greece	Athens Stock Exchange	
	Italy	Borsa Italiana	
	Netherlands	EuroNext Amsterdam Effectenbeurs	
Portugal	Euronext Lisbon		
Slovakia		Burza cenných papierov	
Spain		Mercado Continuo Espanol	
		Bolsa de Madrid	
		Bolsa de Barcelona	
		Bolsa de Bilbao	
		Bolsa de Valencia	
GBP	U.K.	London Stock Exchange	
CHF	Switzerland	Swiss Exchange	
		Berner Boerse	
		Virt-x	

USD	U.S.	American Stock Exchange New York Stock Exchange National Association of Securities Dealers, Inc. (NASDAQ)
	U.K.	International Listings on the London Stock Exchange
CAD	Canada	Toronto Stock Exchange
JPY	Japan	Osaka stock exchange Tokio Stock Exchange
CZK	Czech rep.	Burza cenných papíru v Prahe
PLN	Poland	Gielda Papierow Wartosciowych w Warszawie

List of the execution venuesSlovak securities

členovia Burzy cenných papierov v Bratislave

Foreign securities

ABN Amro Amsterdam or London

Banca IMI Milan or London

Bayerische Landesbank Munich

Calyon Paris or London

Citigroup London

Commerzbank Frankfurt or London

Deutsche bank Frankfurt or London

Dexia Brussels or London

Dresdner Kleinwort Frankfurt or London

Fortis Bank Brusels or London

Hypovereinsbank Munich or Vienna

JP Morgan London

KBC Brussels or London

Landesbank Baden-Wurtemberg Stuttgart or London

Merrill Lynch Intl London

Morgan Stanley London

Natixis Paris or London

RBC London

Raiffeisen Bank Vienna or London

Societe Generale Paris or London