

Rules of Best Execution of Customers' Orders

Versobank AS (hereinafter: Bank) shall execute an order related to the financial instruments of a customer classified as an ordinary and professional customer, in the best possible manner, by complying with these rules and taking into account:

1. the price and expenses of execution of an order (total cost),
2. the speed,
3. the probability of execution and settlement,
4. the amount and nature of an order; and
5. other circumstances related to the execution of an order.

If the customer has granted specific instructions for executing an order, including restrictions and/or choices, upon executing the order the Bank shall only follow the instructions of the customer which might not be in compliance with the best execution of the order under these rules.

At the request of the customer, the Bank is required to provide proof to the customer that the Bank has executed the order of the customer in compliance with the rules for best execution of orders of customers.

For determining the best possible manner of execution of orders of a customer, the Bank shall take into account the following criteria:

1. the data characterising the customer, including the classification of the customer as an ordinary or professional customer;
2. the data characterising the order of the customer;
3. the data characterising those securities for which the order is given;
4. the data characterising the places of execution where the order may be forwarded.

The place of execution is understood as a regulated market, multilateral trading system, a systematic executor of orders of a customer, market maker or other liquidity provider, or a respective person of a third country that performs the duties or functions equivalent to those of the aforementioned persons. The Bank shall use one or more of the following trading places:

1. Execution of orders in regulated and other markets, either through its membership or business partners;
2. Execution of orders outside the regulated and other markets where one party to the transaction is the Bank or through business partners.

In conjunction with the forwarding of orders, the business partners of the Bank shall be selected through regular evaluation that shall be carried out at least once a year and during which the capacity of the relevant business partner to execute orders in the most favourable way for the customers of the Bank shall be evaluated. The list of valid important places of execution of the Bank shall be approved by the Management Board of the Bank and disclosed on the Bank's website www.versobank.com.

The Bank shall apply all reasonable measures in order to achieve the best possible result for the customer to the extent that the Bank executes the order or a specific part thereof by following the specific instructions given by the customer with regard thereto.

If an order can be executed in several competitive places of execution, the Bank shall compare and evaluate the results achievable for the customer in all those places of execution and shall select the place of execution that allows for the best possible result for the customer upon executing a specific transaction. Upon comparing and evaluating the places of execution, the Bank takes into account, among other things, its commissions and expenses related to execution of the order at each place of execution. The Bank does not classify its commissions nor does it demand their payment in a manner that would result in an unequal situation between the trading places.

If the Bank executes an order on behalf of an ordinary customer, the best possible result shall be determined on the basis of the total cost, which comprises the price of the security and expenses related to execution, including all expenses directly related to the execution of an order given by the customer, including the bank charges at the place of execution, settlement fees and other fees payable to third parties related to the execution of the order.

Upon executing an order of an ordinary customer, other execution factors – such as the speed of execution, probability of execution, speed of settlement, probability of settlement, amount of the order, nature of the order, etc.– are less important compared to the total cost factor.

Upon executing the order of a professional customer, the Bank shall determine the best possible result mainly on the basis of the amount and nature of the respective order, the speed and probability of its execution, and only then on the total cost, unless otherwise agreed upon with the customer.

The Bank may execute the order of a customer directly in a regulated market or in a multilateral trading system. In such events, the order of a customer shall be executed against the order of the other party in accordance with the trading rules of the trading place. At the same time, the Bank may also execute the order of a customer outside a regulated market or a multilateral trading system:

1. against the order of another customer;
2. against the Bank; or
3. against a third party,

on the condition that trading takes place at a price that corresponds to the market price.

If the customer has informed the Bank that such an order cannot be executed outside the regulated market and trading in an instrument takes place in a regulated market or in a multilateral trading system to which the Bank has access, the Bank shall make the transaction according to the order of the customer.

The Bank may also send the order to the place of execution through its business partner with whom a relevant contract is concluded. In such case, the Bank cannot verify the execution process nor ensure execution in accordance with the conditions and principles specified in these rules. The Bank shall make its best efforts that the business partner would execute the order in the best manner, but the Bank cannot ensure the best execution of each individual transaction to be made by the business partner.

The Bank shall send the order to the place of execution immediately and in full, except when the Bank determines that its forwarding to the trading place with a delay or in parts is the most favourable solution for the customer, given the market condition or liquidity or the amount or nature of the order.

The Bank does not need to immediately disclose the purchase or sale order with a price set by the customer for a security tradable in a regulated market, which is not immediately executed on the prevailing market conditions, unless the Bank considers such disclosure necessary or the disclosure is requested by the customer.

The Bank shall execute the orders of customers in the subsequence of their acceptance for execution. In certain events, the Bank may consolidate an order of the customer with orders of other customers. Orders are consolidated for the purpose of providing the customers with better conditions and therefore it is unlikely that consolidation might, in general, be unfavourable for a customer whose order is consolidated. It cannot, however, be precluded that in the case of some orders the consolidation may bring about unfavourable consequences for the customer.

Once the consolidated orders are executed, they shall be allocated as precisely as possible among customers according to the calculated average price. If the consolidated order can be executed only partially, the executed part shall be allocated among customers who gave orders in proportion to the amount and conditions of orders.

Upon executing orders that are related to instruments which are traded mainly in a regulated market, multilateral trading system or other trading place (publicly tradable shares, bonds, standardised derivatives, investment fund units, etc.), the Bank may:

1. Send the order immediately to a place of execution that in the Bank's opinion provides the customer with the best result;
2. Wait before sending the order or send it in parts if this would provide the customer with the best result, given the amount and nature of the order, the market conditions and liquidity;
3. Consolidate the order of the customer with other orders and then send the consolidated order to the relevant market if this would provide the customer with the best result, given the amount and nature of the order, the market conditions and liquidity;
4. Execute the order against an order of the Bank or another customer at a price that is in conformity with the market price;
5. Send the order through its business partner.

Upon executing orders that are related to instruments not quoted for trading in regulated or other markets (e.g. bonds traded over-the-counter, money market instruments, derivative instruments, etc.) and which are not related to any issue, redemption, repurchase, etc., the Bank shall make a transaction against itself at a price that is in conformity with the market price or which is calculated on the basis of an external reference price of underlying assets, taking into account the time, amount and trading conditions insofar as it is relevant and if such prices are available, plus a mark-up for the operating profit margin, capital usage costs and counterparty risks.

Upon executing orders not related to investment fund units that have not been accepted for trading in a regulated market or multilateral trading system, the Bank shall send the order to the relevant management company of an investment fund (or to an equivalent person) for execution in conformity with the rules of the investment fund (or equivalent requirements).

In certain events, the Bank shall quote an indicative or fixed price, e.g. a risk price, directly to the customer. In such events, a sales contract shall also be concluded between the parties if the customer accepts the fixed price quoted by the Bank or, in case of indicative prices, if the Bank confirms the price to the customer and the customer accepts it. Since such a case involves the conclusion of a contract between the Bank and the customer, the Bank shall not execute or forward the order on behalf of or for the customer; nor shall the Bank use its discretion upon executing the order of the customer. Therefore, these rules shall not be applied in such situations. The Bank is however required to behave in the best interests of the customer and avoid any conflict of interest.

In certain events, a management company of an investment fund or other business partner of the Bank may pay a part of the fees charged from the customer to the Bank as a commission. Information on such fees is disclosed on the website of the Bank. In such events the Bank shall also select the place of execution on the basis of the interests of the customer to ensure the best possible result.

The Bank shall review those rules regularly (at least once a year) and shall make amendments to them if necessary. All amendments are available on the Bank's website www.versobank.com and shall enter into force as of their publication.