

ORDER EXECUTION POLICY

Zagreb, September 2021

 PRIVREDNA BANKA ZAGREB

Bank of INTESA  SANPAOLO

ORDER EXECUTION POLICY

I. INTRODUCTORY PROVISIONS AND DEFINITIONS OF SPECIFIC TERMS

Article 1

The Order Execution Policy (hereinafter: the Policy) represents a mechanism which ensures that all reasonable steps have been taken in order to obtain the best possible result when executing client orders, taking into account the factors and criteria set forth below.

The Policy shall apply to investment services of order execution¹ and receipt and transmission of orders in the name and for the account of clients when acting as an agent in purchases and sales of financial instruments, which [services] the Bank provides to clients in accordance with the currently valid regulations and by-laws of the Bank.

The provisions of this Policy shall apply to retail and professional clients.

The Bank shall act in compliance with the provisions of this Policy also in respect of orders issued by eligible counterparties, without being obliged - in such cases – to obtain the best possible result.

The Bank shall, when providing investment services related to receiving and transmission of orders and the execution of client orders, always exercise due professional care and shall seek to protect the client's interests in an adequate way.

Article 2

The Bank does not guarantee that it will be able to provide the best execution in every situation; but it undertakes to act in compliance with the provisions of this Policy, which is considered to guarantee the most favourable outcome for the client in most cases.

Obtaining of the best possible result for the client shall imply the Bank's acting with due professional care, in compliance with the provisions of this Policy, the currently valid regulations and by-laws of the Bank.

If the Bank receives a specific i.e. explicit instruction (which represents an integral part of the order), such an order shall be executed in accordance with that instruction, regardless of the factors and criteria related to best execution of orders, taking into account the limitations of the technical and operational infrastructure. In such circumstances, the Bank shall not be under an obligation to act in accordance with this Policy in order to obtain the best possible result for the client.

Article 3

The objective of this Policy is to establish:

- criteria for determining the relative importance of different elements of the execution of orders relevant to determining the best possible result for the client,

¹ The service of order execution shall be provided *only on* regulated markets or multiple trading facilities (MTFs), of which the Bank is a direct member. The service of order execution may be provided also outside a regulated market, but exclusively at the request of a client – as an OTC transaction.

-
- elements and criteria for determining the trading venues that enable the Bank to obtain, on a consistent basis, the best possible results when executing client orders,
 - types of transactions and the circumstances in which the Bank may deviate from the course of action as provided for by this Policy in order to obtain a favourable outcome of the transaction for the client,
 - measures and procedures related to handling of client orders,
 - measures for monitoring the effectiveness of the procedures and mechanisms for the execution of client orders on terms that are most favourable to the client.

The provisions of this Policy do not replace the provisions of a contract nor the general terms, the provisions of other by-laws and procedures of the Bank, nor the provisions of the legislation that governs the area in question; rather, they describe them in more detail and supplement them.

Article 4

The following terms referred to in this Policy shall have the following meanings:

Client – means any natural person or legal entity to whom the Bank provides investment and/or ancillary services Execution of orders on behalf of clients and Reception and transmission of orders in relation to one or more financial instruments and that is classified as a retail or professional client.

Order – is a declaration of the client's will which is submitted to the Bank, instructing the Bank to buy or sell financial instruments on the client's behalf (in the name of the Bank and for the account of the client).

Durable medium – means paper or any instrument that enables storing of information in digital format in such a way that access to, processing and integrity of the information will be ensured at least for the period of time stipulated by the Capital Market Act or bylaws enacted on the basis of this Act.

Regulated market – means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Directive 2014/65/EU

Multilateral trading facility – or 'MTF' means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules in accordance with the provisions of Directive 2014/65/EU

Organised trading facility – or 'OTF' means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with the provisions of Directive 2014/65/EU

Systematic Internaliser - means an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system;

Trading venue – means a regulated market, an MTF or an OTF;

Market maker - means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person;



II. RELEVANT ELEMENTS OF AN ORDER AND CRITERIA FOR DETERMINING BEST EXECUTION

Article 5

The Bank shall, when executing orders, take all reasonable steps to obtain the best possible result i.e. to provide the most favourable order execution, while paying particular attention to the following elements of an order:

- price,
- costs, speed and likelihood of execution,
- costs, speed and likelihood of settlement,
- size and nature [i.e. type] of an order.

The Bank shall determine the relative importance of the above-mentioned elements taking into account the following criteria:

- characteristics of a client (such as, the client's categorisation, explicit instructions, etc.),
- characteristics of an order,
- characteristics of a financial instrument,
- accessibility and characteristics of the possible execution venues to which a particular order can be directed for execution.

When the Bank executes an order of a retail client, the best possible result shall be determined primarily in terms of the total costs of a transaction. The total costs of a transaction shall include the price of a financial instrument and all costs directly related to execution, including execution venue fees, clearing and settlement fees and all other fees paid to third parties involved in the execution of the order. In order to ensure additional protection of the interests of retail clients, the Bank may also take into consideration a characteristic of an order and the likelihood of settlement with the aim of obtaining the best possible result for a retail client².

When executing an order of a professional client, the Bank may additionally take into consideration the speed and likelihood of execution and settlement, the size and nature [i.e. type] of an order, market impact, the type of financial instrument, transparency, as well as all other circumstances which the Bank considers to be conducive to best execution in a particular case.

Article 6

The execution of orders on regulated markets and MTFs and OTFs of which the Bank is a direct member shall constitute, in the opinion of the Bank, best execution for clients in terms of the total transaction costs.

When the Bank receives from a client explicit instructions for the execution of an order, the Bank shall, to the extent possible, execute the order in question following the received instructions. An explicit client instruction (for instance, regarding the execution venue) may prevent the Bank from taking steps prescribed by this Policy for the purpose of obtaining the best possible result when executing that client's order.

It shall be considered that, by executing such an order in accordance with the specific client instructions, the Bank has fulfilled its best execution obligation, even though the result of the execution of the mentioned order does not have to be the most favourable to the client in that specific case.

² For instance, it may limit the size of an order in order to ensure the likelihood of settlement

Information on the execution venues where the Bank executes orders related to each particular type of financial instruments is provided in Attachment 1 to this Policy.

III. EXECUTION VENUE

Article 7

In general, a venue where an order to buy/sell financial instruments is executed [i.e. an execution venue] may be:

- a regulated market,
- a multilateral trading facility (MTF)
- organised trading facility(OTF)
- a systematic internaliser,
- a market maker,
- other liquidity provider or other entity located in a third country which performs a function similar to the functions performed by any of the foregoing.
- or an order may be executed “over the counter”, as an over-the-counter (OTC) transaction – an OTC transaction, in this sense, means any transaction in a financial instrument that may or may not be listed on a regulated market, which is carried out outside a regulated market.

In situations where this is required by a third entity or by the technical and operational infrastructure for order execution, the Bank may request that the client himself/herself/itself specifies the execution venue. Such specifying of the execution venue shall be regarded as an explicit instruction, and the Bank shall consider that, by executing such an order in accordance with the client's specific instructions, it has fulfilled its best execution obligation.

The Bank may carry out an OTC transaction in such a way that it ensures, upon clearing and settlement, the delivery of financial instruments i.e. receipt of funds, of which it shall give prior notification to a client via its distribution channels or in a manner set out in the Contract and/or these General Terms.

Regardless of the client's request for the execution of an order as an OTC transaction, the Bank may - without providing any specific explanation - refuse to execute an order, especially if a financial instrument is listed on a regulated market.

Article 8

The Bank shall, when providing the services of execution and/or receipt and transmission of orders in the name and for the account of clients, select an execution venue that enables it to obtain, on a consistent basis, the best possible result in terms of order execution.

The Bank shall, in accordance with this Policy, execute client orders exclusively on regulated markets i.e. on multilateral trading facilities, of which it is a direct member. Exceptionally, at the request of a client or based on the express consent of a client, the Bank may execute an order outside a regulated market or a multilateral trading facility.

The list of regulated markets and multilateral trading facilities of which the Bank is a direct member is provided in Attachment 1 to this Policy. The Bank reserves the right to update the mentioned list, and



shall make the list available on the Bank's web site (www.pbz.hr), at its branch offices, via PBZ Investor application, as well as on the premises of the Brokerage Office of the Corporate Banking Products Department.

When a client gives an order to buy/sell a financial instrument that is quoted on two or more execution venues, the Bank shall always – unless it receives a different explicit instruction from the client in question – execute the order on the regulated market or on MTFs or on OTFs of which it is a direct member.

The Bank considers that in this way, after it has taken into account and assessed all relevant circumstances, it ensures the best execution of orders, on account of the following elements:

- the most favourable total costs of a transaction,
- direct control over the speed of placing of orders and over the likelihood of order execution,
- direct control over the speed and likelihood of settlement,
- other circumstances [i.e. factors] related to order execution³.

If the Bank receives an order relating to a financial instrument that is quoted on two or more regulated markets or MTFs or OTFs of which the Bank is a direct member, the Bank shall execute the order on that market which offers the most favourable total transaction costs, taking into account the relevant circumstances linked to the type and size of the order in question.

Article 9

Orders to buy and/or sell a financial instrument that is traded on the market *of which the Bank is not a direct member* shall be received by the Bank and transmitted to third parties i.e. entities (authorised companies – partners) which have direct or indirect access to that market, while acting in the best interests of the client and complying with the rules of professional conduct. In that case, the execution of orders shall be completed in accordance with the Order Execution Policy of the third entity in question, which means that a client's order may be executed also on other execution venues, i.e. outside a regulated market or an MTF or an OTF.

When selecting such third entities, the Bank shall examine their approaches to execution, shall establish if the entity in question enables compliance with this Policy, and shall monitor the quality of execution provided by the said entity.

When selecting such third entities, the Bank shall primarily follow these criteria:

- compliance of business activities of a third entity with the provisions of the MiFID Directive, including its compliance with the best execution requirement,
- the number of markets to which a third entity has access (direct and/or indirect access) and the volume of trading on these markets,
- a dynamic model of real-time comparison of elements for determining best execution, where the emphasis shall be placed on (listed here in order of priority): the total costs of a transaction, the likelihood of order execution, the speed of order execution,
- the financial strength, reputation and stability of a third entity.

If it becomes necessary - for the purpose of ensuring the execution of an order - to engage a third entity which is not obliged to adopt the Order Execution Policy nor to comply with the best execution requirement, the Bank cannot guarantee obtaining of the best possible result for the client when transmitting the orders to a third party outside of the fees and charges applied by the Bank.

³ For instance, having access to real-time information about price movements on the relevant execution venue

Article 10

If a client issues an order relating to a financial instrument quoted only on one execution venue, the Bank shall execute that order, i.e. shall forward it (directly or indirectly) to that execution venue, which shall be considered as obtaining the best possible result for the client.⁴

When receiving and transmitting the orders pertaining to units in UCITS funds the Bank shall always transmit the orders to the investment fund management company that manages the investment fund to which the order refers.

Article 11

The Bank shall not charge its fees in a way which would discriminate unfairly against one or more possible execution venues. The Bank shall not give precedence to that execution venue on which the execution of a transaction would impose an additional financial burden on the client.

When selecting third entities [to be involved in the execution], the Bank shall not give precedence to those third entities whose involvement in the execution of a transaction would unfairly impose an additional financial burden on the client.

IV. HANDLING OF CLIENT ORDERS

Article 12

The Bank shall ensure the prompt and fair execution of client orders in accordance with the time of receipt of orders.

In order to ensure the prompt and fair execution client orders, the Bank shall take the following measures and steps:

- it shall record the information on receipt of orders properly and promptly,
- it shall accept client orders in accordance with the contractual documentation, unless it deems that there are elements that make an order unacceptable,
- it shall place and execute client orders in accordance with the time of their receipt by the Bank, and without delay, unless the prevailing market conditions make this impossible or unless an explicit instruction of the client requires otherwise,
- it shall transmit client orders in accordance with the time of their receipt by the Bank, and without delay, to the extent permitted by the technical and operational infrastructure of the Bank and of the [relevant] third entity,
- it shall record properly and promptly the information on placing an order with an execution venue or on transmitting an order to a third entity,
- it shall record accurately and promptly the information on execution of orders on behalf of clients,
- it shall allocate accurately and promptly orders executed on behalf of clients,
- it shall take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of an executed order are promptly and correctly delivered to the appropriate client account,
- it shall inform a client about an executed transaction,

⁴ For instance, this applies to the majority of financial instruments quoted on the Zagreb Stock Exchange.

-
- it shall promptly inform a client about potential significant difficulties related to the proper execution of orders,
 - during the entire process [of handling client orders], the Bank shall continuously monitor the acceptability and correctness of orders, in accordance with regulations currently in force and market practices.

Article 13

When dealing on own account in financial instruments, the Bank shall fully comply with the above-mentioned measures and steps, i.e. it shall treat/handle an order for dealing on own account in the same way as any other order of the Bank clients.

The Bank shall not misuse information relating to pending client orders and shall take all reasonable steps to prevent the misuse of such information by any of relevant persons of the Bank, in accordance with its Conflict of Interest Policy (a summary of the Policy is provided in the document "Information on Investment and Ancillary Services of PBZ d.d.>").

V. QUESTIONS RELATED TO EXECUTION OF ORDERS

Article 14

The Bank is obliged to present, at the client's request, the data which show that a client's order has been executed in accordance with this Policy, i.e. in accordance with a specific instruction from the client. Clients may send such requests to the Bank, to the following address:

PRIVREDNA BANKA ZAGREB – joint-stock company

Brokerage Office,

Corporate Banking Products Department

Radnička cesta 50

10000 Zagreb

VI. PROVIDING INFORMATION ON THE ORDER EXECUTION POLICY TO CLIENTS AND OBTAINING THE CLIENTS' CONSENT

Article 15

Before providing services to a new client, the Bank shall submit to the client the contractual documentation which the client has to sign, including also this Policy. After the client has signed the contractual documentation, it shall be deemed that the client has been acquainted with this Policy on time and has given consent to it, in respect of the execution of all transactions.

If a client wishes to give his/her/its consent to the Policy for each individual transaction or if the client's express consent has to be obtained for each individual transaction, the client is required to provide such written consent to the Bank on time, i.e. before the execution of an order.

Article 16

The Bank undertakes to make this policy available on the Bank's web site (www.pbz.hr), at its branch offices, via PBZ Investor application, as well as on the premises of the Brokerage Office of the Corporate Banking Products Department.

The Bank shall be obliged to obtain from the existing clients their prior consent to this Policy, which shall be stored on a durable medium.

VII. REVIEWING AND UPDATING OF THE POLICY, ITS ENTRY INTO FORCE

Article 17

The Bank shall continuously monitor the effectiveness of this Policy, particularly in respect of the quality of order execution, and shall assess at least once a year if the prescribed measures and steps provide for the best possible result for the client, and it shall, if/as necessary, revise this Policy. The purpose of reviewing and monitoring the effectiveness of the Policy is to identify and correct any possible deficiencies.

Article 18

The Bank shall notify clients of any material changes to this Policy by making the latest version of the Order Execution Policy available on the Bank's web site (www.pbz.hr), at its branch offices, via PBZ Investor application, as well as on the premises of the Brokerage Office of the Corporate Banking Products Department.

Any amendment i.e. any change or addition to this Policy shall be implemented as of the moment of their entry into force, and the Bank shall deem that the client has accepted any amendments i.e. any changes or additions by having given the first order, unless the Bank has been notified otherwise by the client.

Article 19

This Policy shall enter into force and be implemented as of 1 July 2009.

This document may be amended (i.e. modified/supplemented) from time to time.

An updated version of the document is available on the Bank's web site www.pbz.hr

ATTACHMENTS

Attachment 1

Attachment 1 contains the list of the most important execution venues that are used by the Bank in order to execute and/or transmit orders of its clients. In the case of execution of orders relating to foreign financial instruments, especially foreign shares, there are many potential execution venues [that may be used]. This attachment includes only those execution venues to which the Bank gives primary importance. Additional execution venues that may be used but which are not included in this attachment can be selected in accordance with the provisions of the Order Execution Policy. Further, some of the execution venues that are included in this attachment may, under certain circumstance, be unavailable i.e. "out of reach" of Privredna banka Zagreb d.d., depending on the organisational and technical solutions and/or the manner of giving orders, as well as the type of investment service chosen by a particular client. In the case of derivatives trading, the execution venues are available on request and depend on the type of derivative and the accessibility of an execution venue.

Abbreviated name of the market	Execution venues for transferable securities / UCITS units	State in which the head office (of the execution venue) is situated	Type of execution venue	Direct member of the execution venue	Access to the execution venue
ZSE	Zagrebačka burza	Croatia	Regulated market	Yes	Direct
ATH	Athens Stock Exchange	Greece	Regulated market	No	Indirect/Third Party
ASX	Australian Stock Exchange	Sydney, AUS	Regulated market	No	Indirect/Third Party
BTE	BATS Europe	London, UK	MTF	No	Indirect/Third Party
BER	Berliner Borse (Xontro)	Germany	Regulated market	No	Indirect/Third Party
MIL	Borsa Italiana S.p.A	Milan	Regulated market	No	Indirect/Third Party
BRE	Borse Bremen (Xontro)	Germany	Regulated market	No	Indirect/Third Party
DUS	Borse Dusseldorf (Xontro)	Germany	Regulated market	No	Indirect/Third Party
HAM	Borse Hamburg (Xontro)	Germany	Regulated market	No	Indirect/Third Party
HAN	Borse Hanover (Xontro)	Germany	Regulated market	No	Indirect/Third Party
MUN	Borse Munchen (Xontro)	Germany	Regulated market	No	Indirect/Third Party
STU	Borse Stuttgart (Xontro)	Germany	Regulated market	No	Indirect/Third Party
BUD	Budapest Stock Exchange	Hungary	Regulated market	No	Indirect/Third Party
CIX	Chi-X Europe	London	MTF	No	Indirect/Third Party

Abbreviated name of the market	Execution venues for transferable securities / UCITS units	State in which the head office (of the execution venue) is situated	Type of execution venue	Direct member of the execution venue	Access to the execution venue
CPH	Copenhagen Stock Exchange (OMX)	Denmark	Regulated market	No	Indirect/Third Party
AMS	Euronext Amsterdam	Netherlands	Regulated market	No	Indirect/Third Party
BRU	Euronext Brussels	Belgium	Regulated market	No	Indirect/Third Party
LIS	Euronext Lisbon	Portugal	Regulated market	No	Indirect/Third Party
PAR	Euronext Paris	France	Regulated market	No	Indirect/Third Party
FRA	Frankfurt Stock Exchange (Xontro)	Germany	Regulated market	No	Indirect/Third Party
HEL	Helsinki Stock Exchange (OMX)	Finland	Regulated market	No	Indirect/Third Party
HKG	Hong Kong Stock Exchange	Hong Kong	Regulated market	No	Indirect/Third Party
ISE	Irish Stock Exchange	Dublin	Regulated market	No	Indirect/Third Party
LSE	London Stock Exchange	UK	Regulated market	No	Indirect/Third Party
MCE	Madrid SE C.A.T.S	Spain	Regulated market	No	Indirect/Third Party
OSL	Oslo Stock Exchange	Norway	Regulated market	No	Indirect/Third Party
PRA	Prague Stock Exchange	Czech Republic	Regulated market	No	Indirect/Third Party
SES	Singapore Exchange Securities Trading	Singapore	Regulated market	No	Indirect/Third Party
SWX	SIX Swiss Exchange	Zurich, Switzerland	Regulated market	No	Indirect/Third Party
SET	Stock Exchange of Thailand	Bangkok	Regulated market	No	Indirect/Third Party
STO	Stockholm Stock Exchange (OMX)	Sweden	Regulated market	No	Indirect/Third Party
VTX	SWX Europe (Formerly Virt-X)	London	Regulated market	No	Indirect/Third Party
TYO	Tokyo Stock Exchange	Japan	Regulated market	No	Indirect/Third Party
TOR	Toronto Stock Exchange	Canada	Regulated market	No	Indirect/Third Party
TRQ	Turquoise Stock Exchange	London	MTF	No	Indirect/Third Party

Abbreviated name of the market	Execution venues for transferable securities / UCITS units	State in which the head office (of the execution venue) is situated	Type of execution venue	Direct member of the execution venue	Access to the execution venue
VIE	Wiener Borse (Vienna Stock Exchange)	Austria	Regulated market	No	Indirect/Third Party
GER	XETRA	Frankfurt, Germany	Regulated market	No	Indirect/Third Party
NAS	NASDAQ	New York	Regulated market	No	Indirect/Third Party
NMS	NASDAQ National Market System	New York	Regulated market	No	Indirect/Third Party
ASE	American Stock Exchange (AMEX)	New York, USA	Regulated market	No	Indirect/Third Party
NYS	New York Stock Exchange (NYSE)	USA	Regulated market	No	Indirect/Third Party
LJSE	Ljubljana Stock Exchange	Slovenia	Regulated market	No	Indirect/Third Party
SASE	Sarajevo Stock Exchange	BiH	Regulated market	No	Indirect/Third Party
BSE	Bulgarian Stock Exchange	Bulgaria	Regulated market	No	Indirect/Third Party
MSE	Macedonian Stock Exchange	Republic of Macedonia	Regulated market	No	Indirect/Third Party

Attachment 2

Attachment 2 contains the list of third parties i.e. entities to which the Bank transmits orders to buy/sell financial instruments that are traded on markets of which the Bank is not a direct member.

- A)** Intesa Sanpaolo S.p.A.
- B)** Ilirika borzno posredniška hiša d.d.
- C)** VGT-Broker berzno-posrednička kuća d.d.
- D)** AW Broker d.o.o.
- E)** Komercijalna banka a.d. Beograd
- F)** Wood & Company Financial Services A.S.
- G)** Komercijalna Banka AD Skopje

 PRIVREDNA BANKA ZAGREB



www.pbz.hr

Bank of INTESA  SANPAOLO