Credit Institution's Order Execution Policy
UniCredit Bank Serbia ad

Pursuant on Article 186 of the Law on Capital Market ("Official Gazette of the RS", No. 129/2021) (hereinafter: "**LCM**"), Article 43 of the Rulebook on the rules of conduct of investment companies when providing services ("Official Gazette of the RS", No. 77/2022) (hereinafter: "**Regulations**") and Article 26, paragraph 2, item 25) of the Statute of UniCredit Bank Srbija ad (hereinafter: "**Credit Institution**"), the Supervisory Board of the Credit Institution, at the session held on 21 December 2022, adopted:

Order Execution Policy under the most favorable conditions of the Credit institution UniCredit Bank Serbia ad

1. Introductory Provisions

The Order Execution Policy under the most favorable conditions of the Credit Institution UniCredit Bank Srbija ad (hereinafter: "**Policy**"), prescribes the elements and criteria that enable the achievement of the most favorable outcome when executing a client's order, following the LCM and by-laws of the Securities Commission (hereinafter: "**Commission**").

The Credit Institution shall, on time and before the start of the provision of services, and on a durable medium or via the website (when it is not a durable medium), provided that the conditions from Article 4 paragraph 2 of the Rulebook are met, provide the following details about its Policy:

1) the assessment of relative importance that the Credit Institution, following the criteria from Article 33, paragraph 1 of the Rulebook, assigns to the factors from Article 186, paragraphs 1-4 of the LCM or the procedure by which the Credit Institution determines the relative importance of the mentioned factors;
2) a list of order execution venues that the Credit Institution considers suitable for permanently achieving the most favorable possible outcome when executing client orders, specifying the execution venues used for each class of financial instruments, for retail investor orders, professional investor orders, and securities financing transactions;
3) a list of factors used to select an execution venue, including qualitative factors, for example, settlement systems, trading termination systems, anticipated activities, or any other relevant elements, and the relative importance of each factor. Information about the factors used to select the execution venue must be consistent with the controls that the company uses when reviewing the adequacy of its policies and measures to prove to clients that the most favorable execution is consistently achieved;
4) how execution factors, for example, price, costs, speed, probability of execution, and other relevant factors, are considered part of the measures sufficient to achieve the most favorable possible outcome for the client;
5) if applicable, information on the fact that the Credit Institution executes orders outside the trading venue, the consequences, for example, the counterparty risk arising from the execution outside the trading venue, as well as, at the client's request, additional information on the consequences of those execution methods;
6) a clear and prominent warning that the client's special instructions may prevent the Credit Institution from taking the measures it has designed and implemented within its order execution policy to achieve the most favorable possible outcome when executing said orders about the elements covered by those instructions;
7) a summary of the procedure for selecting the place of execution, the execution strategy used, the procedures used to analyze the quality of the executed execution, and how the Credit Institution monitors and verifies that the most favorable possible outcome for clients has been achieved.

If the Credit Institution invites clients to choose an execution venue, it will provide correct and clear information that must not be misleading to prevent the client from choosing one place of execution instead of another based solely on the pricing policy applied by the Credit Institution.

The Credit Institution receives only payments from third parties that meet the provisions of Article 179, paragraph 8 of the LCM, and reports to clients about additional incentives that the Credit Institution can receive from the execution venue. The information states the fees charged by the Credit Institution to all other contractual parties involved in the transaction, and if the fees differ depending on the client, the information states the highest fees or the range of fees that can be charged. If the Credit Institution charges fees to more than one participant in the transaction, following Article 179, paragraph 8 of the LCM, the Credit Institution shall report to its clients the value of all monetary or non-monetary benefits that the Credit Institution receives. If the client submits a reasonable and proportionate request to the Credit Institution for information about its policies and measures, as well as ways to review them, the Credit Institution will provide a clear answer within a reasonable time. For the execution of orders for retail clients, the Credit

Institution will provide a summary of the relevant policy with an emphasis on the total costs they bear. The summary also contains a link to the data published following Article 186, paragraph 6 of the LCM, for each execution venue that the Credit Institution states in its order execution policy.

The Credit Institution will obtain the client's prior consent to the application of the Policy. The Credit Institution is obliged to warn the client if there is a possibility of execution of orders outside the regulated market, in which case the client can give consent in connection with the execution of orders outside the regulated market, that is, MTP for all or each transaction.
The Client may submit orders to the Credit Institution which conditions are not under the Policy, and in that case, the Credit Institution is not obliged to execute the order following its measures, this Policy, and the Credit Institution's Business Rules (hereinafter: "**Business Rules**").

The Credit Institution is obliged to:

1) information from the order that should be executed for the client's account is immediately and accurately entered into the order book;
2) immediately executes similar orders of the client by the time when it received the orders unless the conditions prevailing on the market or the characteristics of the order make it impossible or the interests of the client require a different action;
3) immediately and accurately classifies the orders executed for the client's account;
4) undertake all the necessary activities needed to ensure that all financial instruments or client's funds received during the settlement of obligations based on the executed order are transferred in a timely and orderly manner to the respective client's account;
5) notify the client of all significant difficulties related to the execution of the order, immediately upon learning of them.

The credit institution will:

1) monitor the efficiency of order execution procedures to timely identify and eliminate deficiencies if any;
2) regularly assess whether the best results for clients are achieved at the places of order execution specified in the order execution procedures and whether it is necessary to make changes in the existing procedures taking into account, among other things, the information that is made publiced under para. 3 and 6 of Article 186 of the LCM;
3) inform clients about any significant changes related to the order execution method or procedures;
4) prove to the clients, at their request, that it executed their orders following the Policy and prove to the Commission, at its request, compliance with Article 186 LCM.

2. Determining the most favorable outcome for the client

When executing the client's order, the Credit Institution will undertake all activities necessary to achieve the most favorable outcome for the client, taking into account:

1) the price of the financial instrument;
2) costs, speed, and possibility of execution;
3) costs, speed, and probability of settlement;
4) the size, type, and nature of the order;
5) all other circumstances relevant to the order execution.

If the Credit Institution receives the client's order with special instructions for its execution, it will act taking into account all the stated criteria to the extent that the client's instructions will be fully complied with, and the retail client will also be warned that the order will be executed following the client's instructions, and inconsistent with this Policy.

When determining the importance of the factors relevant to the execution of the client's order, the credit institution will take into account the following criteria for determining the relative importance of the factors:

1) client characteristics, including the client's categorization as a retail or professional client;
2) the characteristics of the client's account, for example, when the account involves a securities financing transaction;
3) characteristics of the financial instrument that are the subject of that order;
4) characteristics of the execution venue to which the specified order can be directed.

When choosing a trading venue, the Credit Institution will try to choose places that offer the highest level of liquidity of a certain type of financial instrument, while taking into account whether the order can be executed directly or indirectly (by forwarding the order to another investment company that is authorized for trading at a certain place trading). With the express consent or by order of the client, the Credit Institution will execute orders related to financial instruments listed on regulated markets outside of those markets.

When assessing the outcome that would be achieved for the client by executing the order at each of the trading venues where the order could be executed, which are listed in this Policy, the Credit Institution will also take into account the amount of its commissions and the costs of the order execution at each of the possible trading venues, all to achieve the best and most favorable outcome for the client. The Credit Institution will not structure or calculate its commissions in a way that would lead to unfair discrimination between places of execution.

The credit institution fulfills its obligation to take all necessary measures to achieve the most favorable possible outcome for the client to the extent that it executes the order or a special feature of the order in compliance with the special instructions of the client related to the order or a special feature of the order.

When executing the client's order, the Credit Institution meets the following conditions:
1) ensures that orders executed on behalf of clients are promptly and correctly recorded and allocated;
2) executes otherwise comparable orders of the client according to the order of acceptance of the order and without delay, unless the characteristics of the order or the prevailing market conditions prevent it, or if the interests of the client require different treatment;
3) without delay, they report to the retail client about all important difficulties that are relevant to the orderly order execution as soon as they become aware of them.

Achieving the most favorable outcome for a retail client is determined by the Credit Institution about the total costs of the transaction, which in particular include:
1) the price of the financial instrument;
2) all costs directly related to the order execution borne by the client, which include commissions, i.e. fees:
   - trading venue,
   - for clearing and balancing the transaction,
   - investment company,
   - which are paid to third parties involved in the order execution.

2.1. Fees and costs

The determination of costs differs according to the type of execution as follows:

2.1.1. Direct order execution

For the services rendered, the Credit Institution charges a brokerage commission according to the valid Regulation on the Tariff of the Credit Institution (hereinafter: "**Rule on Tariff** "), which is available on the website and in the premises of the Credit Institution.

2.1.2. Indirect execution - forwarding the order to another investment company for execution

If the Credit Institution does not have access to a specific trading venue where the financial instrument to which the order relates is traded, it will execute the order at that venue by forwarding or transferring the order to an investment company that has access to the trading venue where the order should be executed. In that case, the costs include the broker's commission specified in point 2.2.1, the costs of the investment company that executed the order, and, if necessary, the costs of settling the transaction and keeping financial instruments traded outside the Republic of Serbia at the custodian bank.

When providing the service of receiving and transferring orders, the Credit Institution will act in the best interest of its clients when transferring client orders to other entities for execution.

If the Credit Institution forwards instructions on the client's order to another investment company, it remains responsible for the completeness and accuracy of the given data. The Credit Institution will conclude a contract on the performance of investment services or the provision of additional investment services with an investment company on behalf of the client if the engagement of another investment company:
- does not condition the collection of fees and other expenses of the client of the Credit Institution in an amount that is higher than the fees that the client would have paid if the Credit Institution had provided services;
- cannot cause unnecessary business risks to the Credit Institution, jeopardize the quality of internal control, or prevent the Commission's supervision over the fulfillment of all obligations of the Credit Institution.

2.2. Speed of execution

Order execution speed refers to the period between the order receipt and the moment of its execution at the trading venue.

The speed of order execution at the trading venue is largely determined by the type of market.

2.3. Probability of settlement

The probability that the order will be executed at the trading venue is largely determined by the liquidity of the market where the order is executed. The probability of settlement means the risk of problematic settlement in transactions with financial instruments, which could harm clearing and settlement.

2.4. Other aspects of order execution/forwarding

The bank also takes into account the size, type, and nature of the order as well as other aspects of order execution/forwarding, under legal provisions.

3. Orders received outside the Credit Institution's working hours

Orders received outside the Credit Institution's working hours will be considered received on the first following working day (orders received electronically, etc.).

The Credit institution will notify the client immediately, and at the latest on the next working day from the day of receiving the order, via a durable medium, about:

1) the time and place of receiving the order, changing or revoking the order;
2) accepting or rejecting the execution of the order, stating the reason for the rejection of the execution.

4. Trading venues

To ensure the most favorable conditions for clients, the Credit Institution assesses the situation at various trading venues (the execution venue includes a regulated market, a multilateral trading platform, an organized trading platform, a systematic internalizer, a market organizer or some other liquidity provider or an entity that performs a similar function in a foreign country as any of the aforementioned subjects). The list of trading venues where the Credit Institution executes clients` orders, and under Article 1 paragraph 2 point 2 of this Policy, as **Annex 1** forms an integral part of this Policy.

When transferring the received order for execution to another investment company, the Credit Institution, when choosing the investment company, adheres to all the elements for the most favorable order execution that are valid for a specific financial instrument.

5. Client categorization

Following the LCM and by-laws of the Commission, the clients of the Credit Institution are classified into the category of retail clients, professional clients, and eligible counterparties.

6. Execution of limit orders

When the Credit Institution receives from the client a limit order concerning shares that are included in trading on the regulated market or that are traded at the trading venue, and which is not immediately executed or enforceable according to the current prevailing situation on the market, the company takes measures to execute the order as soon as possible and immediately make publices the limit order in a way that will make it easily accessible to other market participants, unless the client has explicitly given different instructions. It is considered that the Credit Institution fulfills this obligation if it forwards the client's limit order to the trading venue.

A client's limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue which is not immediately executed or applicable under 160 prevailing market conditions under Article 187, paragraph 3 of the LCM, is considered made public when the Credit Institution submitted an order to be executed on a regulated market or a multilateral trading platform or the order has been made publiced by a data delivery service provider located in a member state and that order can be simply executed as soon as possible based on market conditions. The preference of individual regulated markets and multilateral trading platforms is determined under the Policy, to ensure expeditious execution based on market conditions.

The Credit Institution's obligation to make public limit orders does not apply to orders that are large in volume compared to the normal market size and for which the Commission has removed the obligation to make public information on current bid and ask prices, based on Article 229, paragraph 4 of the LCM.

7. Merge orders and allocation

A Credit Institution will not execute a client's order or a transaction for its account by merging another client's order unless the following conditions are met:

1) the merging of orders and transactions is not likely to harm any customer whose order is merged;

2) each client whose order is being merged is informed that the effect of the merging may be detrimental to him concerning the individual order;
3) an order allocation policy is established and effectively implemented, which sufficiently accurately predicts the correct allocation of merge orders and transactions, including how the volume and price specified in the order determine the allocation and handling of partial executions.

If it merges an order with one or more orders of other clients and that merge order is partially executed, the investment firm allocates the related transactions by its order allocation policy.

If the Credit Institution has merged orders for its account to one or more customer orders, it will not allocate them in a way that would be harmful to the customer. If it merges a client's order with an order for its account and that merge order is partially executed, the Credit Institution allocates the executed transactions to the client who has priority over the company. If the Credit Institution can reasonably prove that without combining it would not be able to execute the order under such favorable conditions or could not execute it at all, it can proportionally allocate the transaction for its account by its order allocation policy.

8. Merging and allocation of transactions for own account

If the Credit Institution has merged orders for its account to one or more client orders, it will not allocate them in a way that would be detrimental to the client.

If it merged the client's order with an order for its account and that merge order is partially executed, the Credit Institution allocates the completed transactions to the client who has priority over the Credit Institution.

If the Credit Institution can reasonably prove that without combining it would not be able to execute the order under such favorable conditions or would not be able to execute it at all, it can proportionally allocate the transaction for its account by its order allocation policy.

9. Order types

The content of the order is determined following the LCM, other regulations, and acts of the market where the financial instruments to which the order refers are traded.

The basic types of orders for the purchase or sale of financial instruments that the Credit Institution receives are:

1) by job type:
- an order for the purchase of a financial instrument on the domestic market,
- an order for the sale of a financial instrument on the domestic market,
- an order for the purchase of a financial instrument in foreign markets,
- an order for the sale of a financial instrument in foreign markets,

2) by price:
- market order,
- limit order,

3) according to the duration of the order:
- daily order,
- order by the day,
- order until revocation.

10. Reporting to clients regarding order execution

When the Credit Institution has executed an order for the client's account, in connection with that order, it shall act as follows:
1) without delay delivers to the client on a durable medium essential information regarding the execution of that order;
2) as soon as possible, it delivers to the client on a durable medium a notification confirming the execution of the order, and at the latest on the first working day after execution or if the Credit Institution receives a confirmation from a third party, no later than on the first working day after receiving the confirmation from a third party.

The rule from the previous paragraph does not apply if the confirmation contains the same information as the confirmation that is delivered to the client by another person without delay and when the orders executed on behalf of the clients refer to bonds used to finance mortgage loan contracts with the aforementioned clients, and in case, the report on the transaction is submitted simultaneously with the conditions of the mortgage loan, but no later than one month after the execution of the order.

The Credit Institution provides the client with information on the status of his account upon request. In the case of client orders related to shares or shares in joint venture entities, which are executed periodically, the Credit Institution undertakes the measures referred to in paragraph 1 point 2) of this Article or delivers to the client at least once every six months the information specified in Article 34 paragraph 1 of the Rulebook in connection with the mentioned transactions.

The notification from Article 33, paragraph 1, item (2) of the Rulebook, if applicable by the current regulations, contains the following information:

1) business name and headquarters of the Credit Institution;
2) first and last name/business name or other designation of the client;
3) day, time, and place of trading;
4) the identification mark of the financial instrument;
5) amount of financial instruments;
6) the individual and total price and the currency designation in which the price is expressed and the exchange rate used if the transaction involves currency conversion;
7) purchase or sales mark;
8) the nature of the order, if it is not a purchase or sale order;
9) type of order;
10) the total amount of calculated commissions and fees and, if the client requests it, breakdown by item, which, depending on the case, includes the amount of each increase or decrease in value when the Credit Institution executed the transaction when trading for its account, and the Credit Institution has the obligation of the most favorable execution towards the client;
11) the client's obligations in connection with the settlement of the transaction, including the time limit for payment or delivery, as well as the corresponding account information, if the client has not been previously informed of these details and responsibilities;
12) notification of the counterparty in the transaction, if that counterparty is the Credit Institution itself or another entity connected with the Credit Institution or another client of the Credit Institution unless the order was executed in a trading system that enables anonymous trading.

11. Refusal to execute purchase and sale orders

A credit institution *may refuse* to execute:

1) A purchase order, when it concludes that the funds in a client's cash account are not sufficient to settle the liabilities that would arise upon the execution of the purchase order;
2) a sale order when it concludes that there are not enough securities contained in the client's securities account - required to execute the order.

The Credit Institution *shall not refuse to execute* a client order if the client order can be executed fully or partially:

1) from transactions executed, but not settled;

2) by extension of credit with the client's consent and subject to applicable regulations;

3) by lending of securities subject to applicable regulations governing securities lending.

For the avoidance of doubt, the Credit Institution shall not refuse the execution of the order, if the client's order can be executed in the case of short selling in connection with shares or debt instruments under Article 2 paragraph 1 point 121) of LCM and valid regulations.

A credit institution *shall refuse* the execution of a purchase or sale order and notify the Commission without delay if there is reasonable doubt that the execution of such an order would:

1) violate the provisions of the LCM, bzlaws brought based on the LCM or the law governing the prevention of money laundering and financing of terrorism;

2) result in committing an act sanctioned by law as a criminal offense, economic offense or infraction.

When determining these circumstances, the Credit Institution may use its information, that is, information it receives from its clients or potential clients unless it has knowledge or should know that such information is outdated, inaccurate, or incomplete.

12. Final provisions

The Credit Institution will, in accordance with the LCM and by-laws of the Commission:

1) constantly monitor the effectiveness of the order execution policy to identify and eliminate deficiencies;
2) regularly, and at least once a year, assess whether the best possible effects for clients are achieved at the places of execution of orders and whether changes need to be made;
3) inform clients about any significant changes related to the order execution method or this Policy;
4) to clients, upon their request, to provide evidence that their orders have been executed following this Policy.

Drafting proposals for amendments and maintaining the refined text of the Policy is the responsibility of the Credit Institution, and the amendments to the Policy are adopted by the Bank's Executive Board.

The Credit Institution will make public the policy of execution of orders under the most favorable conditions, as well as any further changes to it (before the start of implementation and after obtaining the approval of the Commission), on its website and provide the insight into it to clients and potential clients at the business premises of the Credit Institution at least 7 (in letters: seven) days before the start of the application.

This Policy enters into force on the day of the adoption of the decision on giving consent to the Business Rules adopted on 21 December 2022 by the Commission, and it becomes applicable on the day of the start of application of the Business Rules adopted on 21 December 2022, i.e. at the end of the period of 7 (seven) days from the date of publication of the aforementioned Business Rules of which this Policy is an integral part.

FOR UNICREDIT BANK SERBIA AD BELGRADE:
SUPERVISORY BOARD

APPENDIX 1

Retail and professional clients` order execution venues

Execution venue		The most relevant class of financial instruments	Access to execution venue
Serbia	Belgrade Stock Exchange	Property and debt financial instruments	Direct - membership
Germany	XETRA / XONTRO	Proprietary financial instruments (shares); Debt financial instruments (bonds); Traded products on the Stock Exchange (ETF, warrants)	Indirect - through third parties
Switzerland	SIX Swiss Exchange		
Italy	Milan Stock Exchange		
Netherlands	Euronext, Amsterdam		
France	Euronext, Paris		
United Kingdom	London Stock Exchange		
Spain	Madrid Stock Exchange		
Denmark	OMX Copenhagen		
Finland	OMX Helsinki		
Norway	Oslo Stock Exchange		
Sweden	Stockholm Stock Exchange		
USA	NYSE, NASDAQ		
Canada	Toronto Stock Exchange / TSX		
Austria	XETRA Vienna		
Japan	Tokyo Stock Exchange		
Hong Kong	Hong Kong Stock Exchange		
Czech Republic Republic	Prague Stock Exchange		
Hungary	Budapest Stock Exchange		
Poland	Warsaw Stock Exchange		
Turkey	Borsa Istanbul		

Greece	Athens Stock Exchange		
Lithuania	Nasdaq Vilnius		
Latvia	Nasdaq Riga		
Estonia	Nasdaq Tallinn AS		
Romania	Bucharest Stock Exchange		
Bulgaria	Bulgarian Stock Exchange - Sofia		
Slovenia	Ljubljana Stock Exchange		
Croatia	Zagreb Stock Exchange		
OTC		Debt financial instruments	Direct