

EXECUTION POLICY

1. Introductory provisions

Pursuant to Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments and under section 73p of Act No. 566/2001 on securities and investment services and amendment of certain acts, as amended, Citibank Europe plc conducting its business activity in the Slovak Republic through Citibank Europe plc, pobočka zahraničnej banky, is required to establish and implement an order execution policy that allows it to obtain, for its client orders, the best possible result. The purpose of this document is a disclosure of Citibank Europe plc, pobočka zahraničnej banky Execution policy regarding the execution of transactions with financial instruments.

2. Definitions

Bank is Citibank Europe plc with its registered seat at 1 North Wall Quay, Dublin 1, Republic of Ireland, registered with the Companies Registration Office, registration number 132781, conducting its business activity in the Slovak Republic through Citibank Europe plc, pobočka zahraničnej banky with its registered seat at Mlynské nivy 43, 825 01 Bratislava, Slovak Republic, business number 36 861 260, registered with the Commercial Register of District Court Bratislava I, Section Po, Insert No. 1662/B.

Financial instruments are instruments of a financial market specified in Annex 1 to this Policy.

Execution venue means a venue where the Bank executes client Orders, which includes regulated market, a multilateral trading facility, a systematic internalizer, or a market maker or other liquidity provider, or an entity that performs a similar function in a non-Member State.

MiFID means Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments.

OTC markets (Over The Counter markets) include all the markets outside the Regulated market, systematic internalizer and outside multilateral trading facilities; in particular those markets where the liquidity needed to execute the Order is provided by a market maker, other liquidity providers or a person pursuing similar activities in a non-Member State.

Retail client is a client of the Bank categorised as a Retail client pursuant to the Securities Act.

Order is an instruction given by the client to buy or to sell a Financial instrument, accepted by the Bank to execute such instruction or to transmit it to a third party for execution for the account of the client.

Professional client is a client of the Bank categorised as a Professional client pursuant to the Securities Act.

Regulated market means a multilateral system operated 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 nondiscretionary 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 authorized and functions regularly and in accordance with MiFID provisions.

Policy means this Execution Policy (so-called Best Execution Policy).

Securities Act means the Act No. 566/2001 Coll. of Laws on securities and investment services and amendment of certain acts, as amended.

3. Scope of the Policy

The Policy applies to Professional and Retail clients of the Bank. The Policy shall be applied only to the following investment services:

- a) Receipt and transmission of the client's Order related to one or more Financial instruments,

b) Execution of the client's Order for the account of the client.

The Bank **shall apply** the Policy procedures and measures in the case of an investment service to execute an order for the account of the client and if the Bank, acting on the basis of the client's order, is involved as a commission agent or broker of the Order, pursuing activities and procedures aimed at the execution of such an Order, that can affect the result of execution of such Order.

The Bank **shall not apply** the Policy:

- a) where the Bank is acting for its own account as your counterparty,
- b) where the Bank fulfils specific instructions of its client when executing the Order or transmitting an Order to another entity for execution,
- c) for investment activities when executing the Order for the account of the client in the case where the Bank provides, upon the client's request, a firm quote for the price of the Financial instrument (so-called Request For Quote) and the client's transaction will be performed on the basis of this quote,
- d) if the client is categorised by the Bank as an Eligible Counterparty pursuant to the Securities Act.

4. Financial instruments

Financial instruments are mentioned in Annex 1 to this Policy. Financial instruments covered by MiFID or Securities Act include most financial instruments but do not include spot FX transactions. In the application of the Policy, the Bank distinguishes:

- a) Financial instruments traded exclusively on Regulated markets,
- b) Financial instruments traded exclusively on OTC markets, and
- c) Financial instruments traded both on OTC Regulated markets and OTC markets.

5. Best execution principle

The Bank shall take the steps necessary to obtain, when executing Orders, the best possible results. When executing Orders, the Bank shall take into account the factors determining execution of Orders, which are further specified in article 6 of this Policy, whereas the Bank shall determine a relative significance of the execution criteria of the Order on the basis of information available on the market, professional judgement and the experience of the Bank from its involvement on financial markets.

Where the Bank fulfils specific instructions of its client when executing the Order or transmitting an Order to another entity for execution, it shall be deemed to have met its obligations to obtain the best possible results. The Bank hereby warns the client that any specific instructions from a client may prevent the Bank from proceeding in accordance with this Policy in order to obtain the best possible result for the execution of Orders in respect of that specific instruction.

6. Execution factors

When executing Orders, the Bank shall take into account a number of factors determining decisions of the Bank with regard to the Execution venue; this shall not apply where the Bank fulfils specific instructions of its client when executing the Order or transmitting an Order to another entity for execution. Such factors include:

- Price,

- Costs,
- Speed,
- Likelihood of execution and settlement,
- Size and nature,
- Type and characteristics of Financial instrument,
- Characteristics of the respective Execution venue,
- Any other consideration relevant to execution of the Order.

While price is generally a key factor, the overall value to a client of a particular transaction may be affected by the other factors listed above. The relative importance of each of the factors will differ depending on:

- The characteristics of the client including the categorization of the client as a Retail or Professional client,
- The characteristics of the client order,
- The characteristics of Financial instruments to which relates the Order,
- The characteristics of the Execution venues (if there is more than one) where the Order may be executed.

In general, the priority criterion used by the Bank to execute the client's Orders is the price of the relevant Financial instrument together with the costs associated with the execution of the Order incurred by the client, including Execution venue fees, clearance and settlement and any payments paid to third persons engaged on the execution of the Order. On the other hand, the Bank can assign a higher priority to other criteria, such as the price and costs, at its own discretion for some clients, Orders, Financial instruments and Execution venues in order to achieve the best possible execution of the Order.

For OTC orders, the Bank gives priority to the criterion of likelihood of execution and settlement of the Order, regardless of the type of Financial instrument involved. Therefore, once the client's agreement to the transaction has been obtained, the Bank forthwith shall ensure to execute the Order of the client on the basis of likelihood of execution and settlement.

The Bank may act as an active counterparty for OTC Orders, in some cases by determining its prices on models developed internally.

7. Execution venues

List of Execution venues used by the Bank for particular Financial instruments is shown in the Annex to this Policy. The Execution venues list includes the Execution venues emphasized by the Bank when executing Orders in order to obtain the best possible results. The client acknowledges that the Bank is entitled to add or remove specific Execution venues. The Execution venues list for particular Financial Instruments will be reviewed regularly by the Bank and updated to identify those Execution venues that would allow the Bank to obtain the best possible result of Order execution and the Bank is not required to inform the client about any changes made to the Execution venues list.

The Bank shall apply the following Execution venue selection procedures to execute the client's orders:

- a) In the case of Financial instruments traded exclusively on OTC markets, the Bank will execute the Order at OTC markets,
- b) The Bank will act as a Execution venue itself in case it believes that the execution of the Order in this way shall constitute the best possible result of Order execution,

- c) In the case of Financial instruments traded on Regulated markets directly accessible for the Bank, the Bank will execute the Order on these markets, if the Bank believes that the execution of the Order made in this way would give the client the best possible result of Order execution,
- d) In the case of Financial instruments traded on Regulated markets not directly accessible for the Bank, the Bank will transmit the Order to a third person (through which it accesses these Regulated markets), if the Bank believes that the execution of the Order made in this way would give the client the best possible result of Order execution,
- e) In the case of Financial instruments traded on Regulated markets, the Bank can execute the Order on the OTC markets, if the Bank believes that the execution of the Order made in this way would give the Client the best possible result of Order execution.

When applying the procedures mentioned above, the Bank shall take into account the factors specified in article 6 of this Policy, except those cases where the Bank fulfils specific instructions of its client when executing the Order or transmitting an Order to another entity for execution.

8. Monitoring and updating of the Policy

The Bank shall monitor the effectiveness of Order execution measures and of the Policy in order to identify and remedy deficiencies. The Bank shall assess the effectiveness of the Policy on a regular basis, no less than once a year, assessing in particular the following:

- a) Whether the Execution venues included in the Policy allow achievement of the best possible result for the client, and
- b) Whether it is necessary to change its measures regarding Order execution.

The Bank shall notify its clients of any changes in the Policy and changes in the Execution venue list by means of publishing an updated version of the Policy at the web site of the Bank – www.citibank.sk.

Annex 1

List of Financial instruments

The following are Financial instruments:

- a) transferable securities;
- b) money market instruments;
- c) fund shares (units) or securities issued by foreign collective investment undertakings;
- d) options, futures, swaps, future rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
- e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- f) options, futures, swaps and any other derivative contract relating to commodities that can be settled in cash provided that they are traded on a Regulated market or a multilateral trading facility;
- g) options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be settled in cash and are not mentioned in subparagraph (f), and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether they are cleared or settled through the clearing and settlement system or are subject to regular margin calls;
- h) derivative instruments for the transfer of credit risk;
- i) financial contracts for differences;
- j) options, futures, swaps, forward rate agreements and any other derivatives concerning climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled at the option of one of the parties (otherwise than by reason of insolvency or other termination event), as well as any other derivatives concerning assets, rights, obligations, indices and other factors not otherwise mentioned in subparagraphs (a) to (i), which have the characteristics of other derivative financial instruments, having regard to whether they are traded on a regulated market or multilateral trading facility, are cleared or settled through the clearing and settlement system or are subject to regular margin calls.

Annex 2
Execution venue list

List of Execution venues used by the Bank for execution of client's Orders for particular Financial instruments pursuant to the article 6 of the Policy.

- Currency and interest derivatives:** Citibank Europe plc, pobočka zahraničnej banky
- Shares:** Burza cenných papierov v Bratislave, a.s. (Bratislava Stock Exchange)
Citibank Europe plc, pobočka zahraničnej banky
- Bonds:** Burza cenných papierov v Bratislave, a.s. (Bratislava Stock Exchange)
Citibank Europe plc, pobočka zahraničnej banky