

ORDER EXECUTION POLICY

SCOPE

The Order Execution Policy (hereinafter – the Policy) defines obligations of Citadele Bank AB (hereinafter – the Bank) in executing orders of a natural person or legal entity to whom the Bank renders investment and/or additional services (hereinafter – the Customer) for the purpose of achieving the best possible result for the Customer. Policy consists of a set of actions and organisational as well as administrative measures to detail the rights and obligations of the Bank provided for in the legislation in the execution of orders as well as ensure control thereof. The Policy defines the Bank's principles of execution of orders, their relative importance, methods and venues of executing the orders, lays down reasons for choosing the appropriate method or venue, and describes the principles for order aggregation and distribution. The Bank draws up internal procedures to implement the Policy.

It should be noted that the Bank shall make every effort to achieve the best result for the Customer taking into account the rules and procedures provided for in the Policy; however, we cannot guarantee that such a result shall be achieved with every Customer order in view of individual circumstances.

We recommend that you read the Policy carefully, because by signing the Securities Account Management and Intermediation Agreement (hereinafter – the Agreement) the Customer confirms that the Policy as well as rules and principles provided for therein are acceptable to him/her. The Policy and its amendments are published on the website of the Bank at www.citadele.lt. Once the Customer places an order after the publication of the amended Policy, it shall be assumed that the Customer agrees with the amendments of the Policy.

SPECIAL CUSTOMER ORDERS

If in his/her order the Customer provides special conditions of execution of the order (order execution venue, trading venue, market, time, etc.), the Bank shall take into account these conditions and shall be required to execute such order accurately and without departing from the conditions provided for in the order. If the Bank acts in accordance with the special order execution conditions, it is considered that it is making every effort to ensure the best possible execution of the order.

The Customer is hereby expressly and directly informed that such specific orders of the Customer that include special order execution conditions may prevent the Bank from complying with the requirements of this Policy and the Bank may be unable to ensure operation under the best conditions for the Customer; therefore, provisions of the Law related to the best result of order execution shall not apply.

GENERAL ORDER EXECUTION PRINCIPLES

The Bank shall execute Customer orders immediately, unless the Customer order or the Agreement provides otherwise.

Customer orders must be executed in strict compliance with the terms and conditions laid down therein. Customer orders must provide sufficient information to enable the Bank to properly exercise the will of the Customer; otherwise, the Bank has the right to refuse to execute the order.

The Bank may deviate from the terms and conditions of the Order only if it is necessary to protect the interests of the Customer, where the Bank cannot inquire with the Customer in advance or does not receive a timely reply to its inquiry. In such event, the Bank is required to collect evidence of the need to depart from the conditions of execution of the Customer order (presented at the Customer's request) and store them together with the order execution documents, and to immediately notify the Customer that his/her order was executed under different conditions than those provided for in the order.

When executing Customer orders, the Bank is required to:

- Ensure that orders executed on behalf of the Customers are immediately and accurately accounted for and distributed;
- Execute similar Customer orders in turn and immediately, except in cases where this is impossible due to specific characteristics of the order or prevailing conditions in the markets of financial instruments or where this is against the Customer's interests;
- Once the appropriate information becomes available to the Bank, to immediately inform the Customer about any material difficulties that might affect proper execution of the order.
- The Bank may not execute a Customer order, if the Customer has not delivered financial instruments or cash. The Bank is required to ensure that financial instruments are delivered prior to the moment when property rights under the existing transactions occur; and cash – prior to the moment of payment for the financial instruments purchased.
- Where for some reasons the Bank is unable to start executing a Customer order or the Customer order cannot be executed within a reasonable period of time due to failures in the systems of trading venues and intermediaries, or disruptions of the Bank's activities due to technical problems, the Bank is required to immediately inform the Customer by sending a notice about obstacles or circumstances that prevent the Bank from executing the specific Customer order in line with the procedure laid down by the Bank. If possible, the Bank shall place the Customer order for execution with another order execution venue or outside the trading venue.
- Orders are executed only after verifying that there are no (potential) conflicts of interest as set out in the Bank's Policy of Avoiding Conflicts of Interest. Should a potential conflict of interest be identified, the Customer order shall be executed only after informing the Customer hereof and receiving prior express consent of the Customer (in a durable medium or by phone, if conversations are recorded).

- The Bank may not use financial instruments owned by the Customer to make settlements under transactions concluded on behalf of other customers of the Bank without the written consent of the Customer.

ORDER EXECUTION TO ACHIEVE THE BEST RESULT FOR THE CUSTOMER

The best possible result for **non-professional and professional customers** is determined taking into account the overall settlement amount as the Customer buys or sells financial instruments. The overall settlement amount of the Customer consists of the price of the financial instrument and costs related to the order execution or entry into the transaction, which include all costs incurred by the Customer that are directly related to the execution of the Customer order, including order execution venue fees, clearing and settlement fees payable to third parties involved in the execution of the Customer order.

When executing Customer orders, the Bank shall make every effort to achieve the best result for the Customer taking into account the following circumstances listed in descending order of importance:

- **Financial instrument price** – the most important element to be taken into account for the purpose of achieving the best result for the Customer. Orders are executed without exceeding the price limits provided for in the Orders.
- **Order execution costs** – all costs borne by the Customer that are directly related to the execution of the Order, including order execution venue fees, settlement fees and all other fees payable to third parties involved in the execution of the Order.
- **Speed of order execution** – the Bank shall execute Customer orders in strict compliance with the terms and conditions provided for in the Order. In any other case, orders involving financial instruments of the same category are executed depending on the time of their placement (time priority principle), regardless of the category of the Customer, value, content and other conditions of the order;
- **Likelihood of order execution and settlement** – the Bank executes Customer orders in order execution venues with the highest likelihood of successful order execution and settlement;
- **Value and content of the order** – the Bank may charge different commission rate, depending on the value of the order. The Bank may prescribe the minimum and maximum order amount for some financial instruments at its own discretion taking into account market practices and the costs incurred. In all other cases, the value and content of the order does not affect its execution under the best conditions for the Customer;
- **Other important circumstances of order execution.**

In cases provided for in the applicable legislation, the Bank may be required (due to its trading obligations) to trade in certain financial instruments in an EU trading venue or other equivalent recognised trading venue. When executing Orders for such financial instruments in such trading venues, the order execution price may not be the best compared to prices offered to the Bank in other trading venues. However, in such event, it

shall be deemed that the Bank followed the Order Execution Policy and obtained the best result for the Customer.

The Bank shall disclose information about the total settlement amount payable by the Customer for the financial instrument, including all relevant fees, commissions and costs, as well as all other fees payable through the Bank, or in cases where accurate payable amount cannot be determined – the principles and basis for the calculation of the total settlement amount payable by the Customer for the financial instrument, so that the Customer can check this amount.

ORDER EXECUTION VENUES

Trading venues – regulated market, multilateral trading facility or organised trading facility.

Order execution venues – trading venues, intermediaries carrying out systematic trade, liquidity providers and market makers.

Factors Affecting the Choice of the Order Execution Venue

Prior to executing a Customer order, the Bank shall identify potential order execution venues used for the trade in financial instruments provided for in the order. Prior to choosing the order execution venue, the Bank shall assess each order execution venue according to the criteria provided for in Section 4 of the Policy (*Order Execution to Achieve the Best Result for the Customer*).

In line with its strategy, the Bank does not seek to use the greatest possible number of order execution venues; however, their number should be sufficient to ensure the execution of orders under the best conditions for the Customer. This shall be regularly assessed and the order execution venues used shall be compared to the potential order execution venues.

Order execution venues and intermediaries of public trading chosen by the Bank are listed in Annex 1 to the Policy.

Execution of Orders in Trading Venues

Depending on whether the Bank has direct access to a trading venue or not, Customer orders may be executed in the trading venues directly or through an intermediary. First, the Bank assesses the possibility to execute orders directly in a trading venue where the Bank is a member. This is done to ensure a shorter execution path and lower order execution costs.

In cases where the Bank does not have direct access to a trading venue, the Bank shall seek to achieve the best result for the Customer and choose an intermediary of public trading to whom the Customer order shall be passed.

If the best result for the Customer can be achieved in several trading venues, the Bank shall choose one or more trading venues for each category of financial instruments at its own discretion.

Factors Affecting the Choice of Intermediaries

It should be noted that order execution through an intermediary may have additional consequences, such as counterparty risk, order execution speed, etc. At the Customer's request, the Bank shall present information about the potential risks of order execution through the chosen intermediary.

When choosing an intermediary, the Bank shall consider the following criteria:

- Order execution venues used by the intermediary;
- Perfect representation of the interests and needs of the Customers;
- Professionalism, reliability and timeliness of order execution;
- Pricing policy, including commissions on the order execution;
- Order execution policy and terms applied by the intermediary;
- Other important conditions that, in the opinion of the Bank, affect the intermediary's capacity to ensure execution of the order.

Execution of Orders outside Trading Venues

The bank may execute orders for financial instruments traded in trading venues outside such venues only with the prior consent of the Customer to such order execution method. Evidence related to such Customer's consent shall be stored in the Bank together with other documents related to the order in accordance with the procedure and time limits prescribed by the legislation of the Republic of Lithuania.

The Bank's choice to execute an order outside a trading venue may be determined by a lack of supply at the trading venue, value of the order or other circumstances deemed significant by the Bank.

Execution of Orders in Other Order Execution Venues

When executing orders for financial instruments that are not part of trade of a trading venue and/or are not traded in trading venues, the Bank shall assess the fairness and correctness of the price offered to the Customer based on the aggregated market data used to determine the price of such financial instrument and, if possible, compare the price of the financial instrument with the prices of similar or comparable financial instruments. The Bank shall not prescribe and charge commission for the purpose of discriminating specific order execution venues.

Order Execution Time

Orders are accepted during business hours: from 8 AM to 5 PM on Mondays – Thursdays; from 8 AM to 3.45 PM on Fridays and before bank holidays.

REVIEW OF THE ORDER EXECUTION POLICY

The Bank shall regularly and at least once a year review and publish on the Bank's website www.citadele.lt:

- the best five execution venues for each category of financial instruments that are distinguished by the highest trade volume, where Customer orders were executed over the past year, and present brief information about the actual execution quality;
- the information about the best five intermediaries of the Bank selected according to the criteria affecting the choice of intermediaries (Section V).

The Bank shall regularly assess the effectiveness of the Policy implementation measures by collecting information on the order execution quality. Randomly selected typical transactions shall be periodically reviewed according to the following criteria:

- Order execution speed;
- Costs related to the order execution;
- Ratio of the orders placed and the orders executed;
- Information published by order execution venues;

Should it be found that execution of orders under the best conditions has not been ensured, review of the Policy shall be initiated and, depending on whether it is possible to act differently, the Policy shall be amended.

The effectiveness of implementation of the Policy shall be assessed by checking whether the Bank could have achieved better results for the Customers, if:

- Orders were executed in other trading venues;
- Orders were passed to other intermediaries;
- The Bank used other criteria for the selection of trading venues and intermediaries than those specified in the Policy.

PRINCIPLES FOR ORDER AGGREGATION AND DISTRIBUTION

Order Aggregation

The Bank may aggregate a Customer order with its own orders or those of other Customers, if this does not interfere with the Customer's interests and helps to achieve better order execution results. Since orders may be aggregated for the benefit of the Customers, it is highly unlikely that such order aggregation shall harm any individual Customer. However, such a possibility cannot be excluded.

Order Distribution

Order distribution depends on the selected order execution strategy with the aim of ensuring the best result for the Customer. The Bank shall apply the following order distribution methods:

- If the Bank aggregates orders concluded at its own expense with one or more Customer orders, fully or partially completed orders will be distributed for the benefit of the Customers;
- When executing orders according to the specific price or price type instructions given by the Customer, the Bank shall execute only the orders that meet such instructions;

- If several Customer orders for the same transaction involving the same financial instrument but specifying different prices are received and the orders are executed by way of aggregation without exceeding the best price limit specified in the aggregated orders, priority is given to the time of placing the order rather than the price;
- In the event of aggregation of several Customer orders and distribution of the results of the completed transaction, the time priority principle shall apply, i.e. orders that were placed first are executed first;
- The time priority principle does not apply in cases where a small Customer order is aggregated with a large order of another Customer or the Bank, if the small order cannot be executed separately; in the event of failure to fully execute the aggregated order, the large order shall be executed first;
- If the Customer indicated a specific counterparty with whom he/she agreed to conclude a transaction and the Bank received orders from other Customers for identical operations, but execution thereof was not possible due to the situation on a specific regulated market, priority is given to the order of the Customer who indicated the specific counterparty;

In cases where, over a relatively short period of time, Customers and employees of the Bank placed orders for the purchase or sale of the same financial instruments and such orders were aggregated, when distributing the transaction, priority is given to Customer orders.

In the distribution of transactions, the average purchase or sale price of a financial instrument that applied at the time of execution of the aggregated order in the Bank shall be deemed the price of the financial instrument.

If the aggregated order was executed through other intermediaries of public trading and drawn up at different prices, when distributing the transactions, the weighted average purchase or sale price of a financial instrument that applied at the time of execution of the aggregated order shall be deemed the price of the financial instrument.

ORDER EXECUTION VENUES AND INTERMEDIARIES OF PUBLIC TRADING

The Bank shall execute orders of non-professional and professional customers in the same order execution venues.

Customer orders can also be executed in other trading venues than those specified herein, if this shall not prevent the Bank from achieving the best possible result for the Customer.

SHARES AND EXCHANGE-TRADED FUNDS (ETF)

Orders for the shares of companies that are listed on the NASDAQ Vilnius stock exchange are executed in the NASDAQ Vilnius stock exchange.

Orders for the shares of companies and exchange-traded funds (ETF) are passed to the intermediaries and executed in the trading venues listed below.

Intermediaries:

- AS Citadele Banka
- Luminor Bank

List of trading venues:

- Borsa Italiana (MIL);
- Euronext Brussels (BRU);
- Euronext Lisbon (LISB);
- Euronext Paris (PAR);
- Deutsche Borsse;
- London Stock Exchange;
- Moscow Exchange MOEX;
- NASDAQ Riga (RSE);
- NASDAQ Tallin (TSE);
- NASDAQ Copenhagen (CSE);
- NASDAQ Helsinki (HSE);
- NASDAQ Stockholm (SSE);
- Oslo Stock Exchange (OSE);
- BME Spanish Exchanges (SIBE);

- Wiener Börse (Vienna) Stock Exchange;
- American Stock Exchange (AMEX);
- New York Stock Exchange (NYSE);
- NASDAQ.

DEBT SECURITIES

Orders for debt securities of Lithuanian issuers are executed directly in the NASDAQ Vilnius stock exchange;

Orders for debt securities of other issuers are executed directly in Bloomberg DPS (multilateral trading facility);

Orders for debt securities of issuers in other countries can be passed to the following intermediaries:

- AS Citadele Banka