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AS DNB banka Order Execution Policy (for transactions with financial instruments)

1 General provisions

- 1.1 This Order Execution Policy (for transactions with financial instruments) (hereinafter referred to as 'the Policy') regulates the execution of orders (hereinafter referred to as 'the Order') in AS DNB banka (hereinafter referred to as 'the Bank'), including determination of:
- Order execution factors and their relative importance,
 - Order execution venues, and
 - the merger of Orders and the distribution of transactions.
- 1.2. In the course of the execution of orders of a client (hereinafter referred to as 'a/the Client'), the Bank shall seek to achieve the best possible result for the Client. The Bank shall execute the said orders in compliance with the Law of the Republic of Latvia on Markets in Financial Instruments and this Policy. If a Client provides a specific instruction to the Bank, the said instruction shall be executed precisely, without deviating from the conditions set forth therein; in this case, however, the Bank's ability to achieve the best result for the Client will be limited by the conditions specified in the instruction.

The Bank shall apply the Policy when executing an order at the Client's expense.

When executing the orders of a Client at its own expense, the Bank shall apply this Orders Execution Policy, with the exception of cases where the Bank publishes the purchase and sale prices (quotations) at which the Bank is prepared to conclude corresponding transactions, or where the Bank responds to a particular inquiry on the part of a Client regarding the price of a transaction at which the Bank would conclude the transaction while assuming the corresponding risk.

- 1.3 The Bank shall not accept orders, which cannot be executed due to the reasons beyond control of the Bank.

2 Order execution factors and their relative importance

- 2.1 When executing a Client's order, the Bank shall take into account the following criteria:

- the features common to a retail and professional Client;
- the features of the Client's order;
- the features of the financial instrument that is the subject of the order;
- the features of the execution venues at which that order can be executed.

- 2.2. When determining the best method for the execution of a Client's order, the Bank shall evaluate the following factors:

2.2.1 The price of the financial instrument;

the Bank deems this factor to be the most important in the execution of an order, irrespective of the category of the Client. An order shall be executed under market conditions and in accordance with the principle of placement time priority for similar orders.

2.2.2 The costs of the execution of an order;

these costs constitute a component of the total settlement amount. They are therefore considered to be the second factor by importance after the price factor. The Bank shall select those execution venues where the costs of an order's execution are the lowest and comparable to each other.

2.2.3. The speed of the execution of an order;

when market prices change rapidly, the speed of an order's execution may have a significant influence on the final settlement amount. This can be especially important when an order is for a large amount, irrespective of whether the Client is professional or not. However, in every case, orders for financial instruments of the same category shall be executed in accordance with the principle of placement time priority, irrespective of the category of the Client, the amount and content of the order, and other conditions.

2.2.4. The probability of the execution and settlement of an order;

the Bank shall select those execution venues where the probability of execution and settlement of an order is the highest.

2.2.5. The size and content of the order;

the Bank shall be entitled to apply different commissions depending on the size of the order. The Bank shall be entitled at own discretion to establish the minimum and maximum amount of an order for certain financial

instruments, taking into account market practice and the costs to be incurred. In all other cases, the size and content of an order shall not in any way influence its execution on terms most favourable to the Client.

2.3. The Bank shall draw the attention of the Client to the fact that the best result for the execution of an order is conditional to:

- a) the price of the financial instrument
- b) other costs related to execution of specific order
- c) the speed and probability of order execution.

Even in a case where it appears that the price was not the best, this circumstance should not necessarily mean that the order was not executed on terms most favourable to the Client.

2.4. The Bank shall disclose the information regarding the total amount payable by the Client for a financial instrument, including all related payments, commissions and costs, as well as other payable charges which are to be paid through the Bank, or if the exact amount payable cannot be determined, the grounds for the calculation of the total amount payable, in order to enable the Client to verify the said amount.

3 Order execution venues

3.1. The Bank shall select order execution venues taking into consideration the following:

- a) liquidity and accessibility to other market participants;
- b) transparency of pricing;
- c) the speed of the execution of the order;
- d) the costs of the execution of the order;
- e) the limitations on the size of the order.

3.2. The Bank shall select the following as the primary execution venues:

- a) regulated markets;
- b) electronic multilateral trading facilities;
- c) investment firms acting as systematic internalisers.

3.3. The Bank does not seek to use the maximum possible number of execution venues; however, their number should be sufficient to ensure the execution of orders on terms most favourable to the Client.

3.4. If several execution venues meet the established requirements, and the best possible result for the Client can essentially be achieved in them, the Bank shall select at its own discretion one or several execution venues for each financial instrument category.

3.5. Orders for the purchase/sale of financial instruments which are traded on regulated markets or in multilateral trading facilities (e.g. shares or futures) shall always be transferred, either directly by the Bank, or with the engagement of third parties, for execution to the corresponding stock exchanges/multilateral trading facilities, specified in Annex 1 to this Policy.

3.6. The Bank shall review on a regular basis the list of selected execution venues considering the requirements to execute orders on terms most favourable to the Client, and shall compare them with other possible execution venues. If a better result can be achieved in the other venue, the Bank shall exert all efforts to start executing orders at that venue, but only upon estimation of all costs of the Bank and benefits related to the change of the venue.

3.7. If an order cannot be executed in the main execution venues because of the reasons beyond control of the Bank, the order may be executed in any other venue upon approval by the Client. The Bank shall notify the Client that order execution in the other venue may have negative effect on the price, usual costs and speed of the execution. Furthermore, the Bank can restrict the minimum or maximum amount of the order.

4 Merger of orders and distribution of transactions

4.1 The Bank shall be entitled to merge several orders of a Client into one, provided this will have no adverse effect on the Client, i.e. it will have no effect on the price, the order will be executed at the same speed and to the fullest extent, and the expenses of the order's execution will not rise.

4.2 If the Bank has reasonable suspicions that the merger of orders will have an adverse effect on any of the aforementioned factors, the Client's orders shall not be merged, but shall be executed separately.

4.3 The Bank may merge the Order of one Client with that of another Client or transaction at its own expense, if there are no indications that such merger of orders and transactions might impair the interests of the Clients whose Orders are merged. Merged Order, if executed in its integrity shall be split depending on the average transaction price. If the merged Order is executed in part it shall be split pro rata depending on the average transaction price. If the Client's Order has been merged with the Bank's transaction at its own expense and such



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transaction was executed in part the Clients's interests shall prevail when splitting such assignment.

5 Final provisions

- 5.1 The Bank shall monitor the effectiveness of Orders Execution Policy on ongoing basis, and if any defects are detected – must correct them without any delay. The Bank shall monitor and analyze on ongoing basis whether the execution venues indicated in Orders Execution Policy provide for the best possible result for the Client and whether the Orders Execution Policy needs improvement.
- 5.2 Orders Execution Policy must be reviewed at least once per year. Review is also obligatory in case of a material change that affected the Bank's capability to achieve the best possible result for the Client. The Bank shall notify its Clients about any material changes in the Orders Execution Policy.
- 5.3 The Bank is obliged to provide Clients with a clear and explicit warning in the event that any specific instruction received from the Client may prevent the Bank from taking actions established in the Orders Execution Policy and applied by the Bank in order to achieve the best possible result for the Client.
- 5.4 If the Client has given specific instructions to the Bank with regards to the Order in general or some part of it (including the choice of the place of execution), the Bank observes the Client's instructions. If the Order is executed according to the Client's instructions, it is considered that the Policy is observed.
- 5.5 The amendments to the Policy shall be published on the Bank's website: www.dnb.lv. Any amendments to the Policy shall come into effect at the date when they are published on the Bank's website: www.dnb.lv.



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Annex N1
to the Orders Execution Policy
(for transactions with financial instruments)
of AS DNB banka

ORDER EXECUTION VENUES

1. Orders for the purchase/sale of financial instruments shall be executed in execution venues specified below and which are relied upon by the Bank most frequently in order to achieve the best possible result for the Client:

1.1. Shares of companies of the Baltic States: NASDAQ OMX stock exchanges in Vilnius, Tallinn, and Riga.

1.2. Financial instruments traded on regulated markets or in multilateral trading facilities, when an order in respect of these financial instruments is placed via the DnB NORD Trade platform:

American Stock Exchange;
Australian Stock Exchange;
Athens Stock Exchange;
Euronext Amsterdam;
Euronext Brussels;
Euronext Paris;
Euronext Lisbon;
OMX Copenhagen;
OMX Stockholm;
OMX Helsinki;
Frankfurt Stock Exchange;
Hong Kong Stock Securities Exchange;
London Stock Exchange SETS;
Borsa Italiana;
NASDAQ Global Markets;
NASDAQ Capital Markets;
New York Stock Exchange;
Oslo Stock Exchange;
Singapore Exchange Securities Trading Limited;
Sistema De Interconexion Bursatil Espanol;
SWX Swiss Exchange, SWX Europe Exchange;
Tokyo Stock Exchange;
Wiener Borse;
Chicago Board of Trade;
EUREX
Chicago Mercantile Exchange;
New York Mercantile Exchange;
Sydney Futures Exchange.

1.3. Orders regarding financial instruments which are not traded on the regulated markets or in multilateral trading facilities specified under Clause 1.2, when an order in respect of the said financial instruments is placed via the DnB NORD trade platform, shall be executed from the portfolio of the said financial instruments held by the Bank.

1.4. Foreign investment funds, with the exception of those of the Baltic States on:
The electronic multilateral trading facility operated by HSBC Trinkaus & Burkhardt;
Investment company Carlson Fund Management Company S.A.;
Investment company East Capital Asset Management AB.

1.5. Bonds issued by governments, agencies and companies (with the exception of bonds in respect of which an order is placed via the DnB NORD Trade platform), if the Client's order for the purchase/sale of these financial instruments exceeds, or is equal to, EUR 50,000 (or USD 50,000 if the bonds are denominated in US dollars), or the equivalent in another currency; through the financial brokerage company quoting the best price in BLOOMBERG system, to be chosen by the Bank at its own discretion, taking into account the differences between the quotations published by the financial brokerage companies and the transactions actually concluded.

1.6. Bonds issued by governments, agencies and companies (with the exception of bonds in respect of which an order is placed via the DnB NORD Trade platform), if the Client's order to purchase/sell these financial instruments is below the amount of EUR 50,000 (or USD 50,000 if the bonds are denominated in US dollars), or the equivalent in another currency; from the portfolio of these financial instruments held by the Bank.

1.7. Derivative transactions in shares, interest rates, the indices thereof, commodities and other groups of assets; from the portfolio of these financial instruments held by the Bank.



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2. The Bank shall inform the Client that his or her orders can also be executed in execution venues other than those specified under Clause 1 of this Annex to the Orders Execution Policy, provided that this does not prevent the Bank's from seeking to achieve the best possible result for the Client in accordance with the terms and conditions of this Orders Execution Policy.
3. The Bank shall place information about changes in the Order execution venues on the Bank's website: www.dnb.lv without delay.