

ERSTE BEFEKTETÉSI ZRT. BEST EXECUTION POLICY

This Policy sets forth the procedure of executing the transactions defined in Act CXXXVIII of 2007 (hereinafter: the Act) and other rules relating to the execution of transactions as applied by Erste Befektetési Zrt. (hereinafter: the Company).

A separate document (Best Execution Policy Addendum) sets forth the rules governing best execution in respect of the Internet Trader Regulations (Specific Part, Part "B" of the General Terms of Business). The Internet Trader Regulations shall be governed by the provisions of the Addendum and the provisions of this Policy shall only apply in case the Addendum contains an express provision to that effect.

I. General Rules

This Policy covers transactions by clients classified as retail and professional as regards specific transactions at the Company. The date of accepting the order of the Customer determines whether the Customer qualifies as retail or professional customer in accordance with the customer category defined in the records of the Company.

The provisions of this Policy need not be applied to transactions concluded with partners categorised as eligible in accordance with the customer classification of the Company.

Any issues left uncovered in this Policy shall be governed pursuant to the provisions of the General Terms of Business of the Company.

The Company proceeds in line with this Policy during the execution of customer orders.

Unless otherwise instructed by the Customer, the most important factor that the Company considers during the execution of transactions at the execution venues selected in accordance with this Policy is the net price after the subtraction of costs (in respect of which the Company need not take into account the obligation to pay taxes and contributions), and will evaluate all other factors in light of this.

As a general rule, the Company maintains contacts with 2-3 execution partners at each market, provided the conditions of the market so require or the Company considers it necessary. Whenever the Company uses the services of an execution partner in the cases defined in this Policy, the Company will select an execution partner that it has contacts with for cooperating in order execution.

Annex 1 to this Policy sets forth the list of potential execution venues other than own account broken down by major classes of financial instruments.

In the event specific instructions are received from customer, the Company act upon such instructions in its attempts to execute the Customer's order.

This Policy specifies the procedure of execution for the following instruments:

- securities listed on regulated markets
- derivatives listed on regulated markets
- securities not listed on regulated markets
- derivatives not listed on regulated markets

The Company considers the following criteria during the execution of the Customer orders, provided that Company evaluates such criteria in accordance with the customer classification groups and transaction groups established in the records of the Company.

- a) the Customer characteristics, including customer's retail or professional rating;
- b) customer order properties;

- c) the characteristics of financial instruments covered by the order;
- d) the typology of execution venues to which the order may be routed.

If the Company executes orders on behalf of a retail client, it determines the best possible result on the basis of the full amount, which includes the price of the financial instrument and execution related costs, that is to say the execution related costs incurred by customer with the particular order, including fees relating to the execution venue, settlement and execution fees and fees paid to third parties participating in the execution of the order.

During the execution of customer orders, the Company takes into account compliance with the following principles. The Company

- a) ensures that orders executed on behalf of customers are immediately and carefully recorded and allocated;
- b) will execute sequentially and immediately customer orders which are otherwise comparable, except in case doing so is impossible due to the nature of the order or actual market conditions, or customer's interests demand otherwise;
- c) immediately notifies customer upon observing material difficulties in connection with the proper execution of customer's order,
- d) may combine orders in accordance with the terms and conditions of the General Terms of Business and the agreement concluded with the Customer, provided that the Company shall not combine customer orders with its own orders.

When the Customer places a limit order, Company may not execute the order at less favourable terms than the limit price set in the order. That means buy orders may not be executed at a price higher and sell orders may not be executed at a price lower than the limit set in the order. Accordingly, it may arise that an order will not be executed or that a transaction will be executed long after the order is placed.

The Company executes orders for the financial instruments specified in Chapter II as a broker or in the framework of trading on own account. From the perspective of the customer, the terms of execution on own account shall be at least identical to the terms of execution as broker as judges by the principles of best execution provided in this Policy.

The Company may furthermore match an order placed by a Customer with that of another Customer in compliance with the provisions of this Policy.

II. Procedure applicable during the execution of orders placed for instruments specified in the Policy

1. Securities listed on regulated markets (including structured securities listed on regulated markets, mortgage bond as well)

The Company may execute these transactions as broker or as transactions on own account.

The Customer's instructions to the contrary notwithstanding, the Budapest Stock Exchange shall be the venue of execution of all of the securities listed on the Budapest Stock Exchange. This rule shall also apply in case a specific security is also listed on another regulated market in addition to the Budapest Stock Exchange (primary venue of execution).

In the event the security specified in an order is not eligible for trading on the Budapest Stock Exchange at the time of execution due to suspension or some other reason, and the same security is also listed on another regulated market, the Company shall do its best to attempt order execution on the alternative regulated market under the following conditions:

- in case the security in question is also listed on Deutsche Börse AG at order execution time, that market shall be treated as the secondary venue of execution.
- in case the security in question is not listed on Deutsche Börse AG or in case it is listed there, but trading in the security is suspended at order execution time or another reason renders execution impossible, the Company will attempt to execute the order on other regulated markets it has access to.

In the event the Company attempts to perform an order in a market where it has no membership or does not have the necessary right to trade at the execution time of the order, the Company will use an execution partner with whom it has concluded an agreement for the execution of transactions. Whenever the Company uses an execution partner, it gives preference to partners who have in place a best execution policy and also ensure the settlement of transactions. Moreover, liquidity as well as the fees and costs charged by partners are additional factors to be considered when an execution partner is selected. If there are several or no partners with a best execution policy among the execution partners available for the Company, the Company shall do its best to have the transaction executed by the partner who can do so at the best overall terms and conditions from the Customer's perspective. Even if that occurs, the Company pays particular attention to settlement, liquidity as well as the size of fees and costs charged by partners.

In case transactions in a particular security can be concluded OTC outside regulated markets, the Company attempts to execute orders at an OTC market based on the Customer's prior approval, which the Customer confirms/acknowledges by accepting this Policy. This will also apply in case the opportunity to execute an order also exists at one of the venues of execution specified above with respect to the given security, but the calculations of the Company suggest that OTC execution is more favourable for the Customer all in all.

In case execution as per the Customer's instructions and the terms set by the Customer is not possible or in case Company believes execution under terms and conditions that deviate from the Customer's instructions will be more beneficial for the Customer, the Company shall notify the Customer of the alternative possibilities. Acceptance by the Customer of such notification shall be deemed to constitute applicable instructions given by the Customer.

The Company may execute transactions at venues that are at variance with the above sequence of execution venues if Company believes that doing so may be more favourable for the Customer.

1/A Venue of execution applicable to certain securities listed on the BÉTa market

If Erste initiated listing the securities traded on the BÉTa market operated by the Budapest Stock Exchange (BSE) as an MTF and/or is a market maker of the affected securities under an agreement with the BSE, then as a departure from the provisions of section 1 above and unless the Customer gives express instructions to the contrary, the BÉTa market will serve as the venue of execution of such securities.

The reasons behind this rule include the alignment between the rules of the BÉTa market and the trading regulations of the BSE and are easier to interpret than those of foreign markets'. Moreover, the settlement of transactions is governed by the relevant rules of the guaranteed settlement system operated by KELER, which offers greater protection in terms of the provisions of the General Terms of Business than alternative foreign settlement procedures and superior cost efficiency of trading than in foreign markets.

If trading the security on the BÉTa Market is prevented by whatever reason, the provisions of section 1 shall apply in respect of determining the venue of execution. (Securities listed on regulated markets)

2. Special rules applicable to government securities and bonds

The Company may execute these transactions as broker or as transactions on own account.

The Company may also execute the Customer orders as OTC transactions on own account (based on the Customer's prior approval, which the Customer confirms/acknowledges by accepting this Policy) even if the securities are listed for trading in a regulated market, provided the following conditions are met:

- the purchase/sales price less commissions may not be higher when securities are bought and lower when securities are sold than the market price available on the regulated market taking order volume also into account;

- if the instrument is not listed for trading on a regulated market or no market price is available for the volume specified in the order, then the purchase/sales price less commissions may not be higher when securities are bought and lower when securities are sold than the price less commissions achievable by executing the order as a brokerage transaction.

3. Special rules applicable to units and other securities of collective investment undertakings

The Company may execute these transactions as broker or as transactions on own account.

The Company executes orders for units and other securities of collective investment undertakings at the net asset value calculated for the date specified in line with the provisions of the Prospectus of the given unit or other security of the collective investment undertaking and under the specific terms laid out therein.

If the security in question is also listed on a regulated market, the provisions laid out in this Policy about securities listed on regulated markets shall apply.

4. Securities not listed on regulated markets (including structured securities not listed on regulated markets, not listed mortgage bond as well)

In the event an order is placed for a security not listed on any of the regulated markets known to the Company, the Company follows the following procedure during execution:

The Company may execute these transactions as broker or as transactions on own account.

The Company actions in respect of such securities are guided by supply and demand. In the event a source known by the Company and/or the providers of investment services (such as Reuters, Bloomberg) publishes a price for the security at execution time and trading has occurred at that price in a period of 30 days prior to execution time, the Company may execute the transaction on own account, provided it is to be executed on own account, if the purchase/sales price is not less favourable than the published price adjusted with commissions.

5. Derivatives listed on regulated markets

The Company may execute these transactions as broker or as transactions on own account.

The Customer's instructions to the contrary notwithstanding, the Budapest Stock Exchange shall be the venue of execution of all of the derivative instruments listed on the Budapest Stock Exchange. This rule shall also apply in case a specific derivative instrument is also listed on another regulated market in addition to the Budapest Stock Exchange (primary venue of execution).

In the event the derivative instrument specified in an order is not eligible for trading on the Budapest Stock Exchange at the time of execution due to suspension or some other reason, and the same security is also listed on another regulated market, the Company shall do its best to attempt order execution on the alternative regulated market under the following conditions:

- in case the derivative instrument in question is also listed on Deutsche Börse AG at order execution time, that market shall be treated as the secondary venue of execution.
- in case the security in question is not listed on Deutsche Börse AG or in case it is listed there, but trading in the security is suspended at order execution time or another reason renders execution impossible, the Company will attempt to execute the order on other regulated markets it has access to.

In the event the Company attempts to perform an order in a market where it has no membership or does not have the necessary right to trade at the execution time of the order, the Company will use an execution partner with whom it has concluded an agreement for the execution of transactions. Whenever the Company uses an execution partner, it gives preference to partners who have in place a best execution policy and also ensure the settlement of transactions. Moreover, liquidity as well as the fees and costs charged by partners are additional factors to be considered when an execution partner is selected. If there are several or no partners with a best execution policy among the

execution partners available for the Company, the Company shall do its best to have the transaction executed by the partner who can do so at the best overall terms and conditions from the Customer's perspective. Even if that occurs, the Company pays particular attention to settlement, liquidity as well as the size of fees and costs charged by partners.

In case transactions in a particular derivative instrument can be concluded OTC outside regulated markets, the Company attempts to execute orders at an OTC market based on the Customer's prior approval, which the Customer confirms/acknowledges by accepting this Policy. This will also apply in case the opportunity to execute an order also exists at one of the venues of execution specified above with respect to the given derivative instrument, but the calculations of the Company suggest that OTC execution is more favourable for the Customer all in all.

In case execution as per the Customer instructions and the terms set by the Customer is not possible or in case Company believes execution under terms and conditions that deviate from the Customer's instructions will be more beneficial for the Customer, the Company shall notify the Customer of the alternative possibilities. Acceptance by the Customer of such notification shall be deemed to constitute applicable instructions given by the Customer.

The Company may execute transactions at venues that are at variance with the above sequence of execution venues if Company believes that doing so may be more favourable for the Customer.

6. Derivatives not listed on regulated markets (including structured products)

In the event an order is placed for a derivative instrument not listed on any of the regulated markets known to the Company, the Company follows the following procedure during execution:

The Company may execute these transactions as broker or as transactions on own account.

As a general rule, whenever the Company acts as broker for the purposes of executing such transactions, the other party to the transaction is a service provider that acts as market maker. When executing transactions as a broker, the Company monitors the sources that publish the prices quoted for these instruments (mainly Reuters and Bloomberg). When the service provider that acts as market maker (and as counterparty to the Company during execution) quotes prices which are substantially less favourable than (i.e. differ by more than 0.5% from) the prices published by the sources monitored by the Company, the Company will also request quotations from another service provider that acts as market maker and has connections with the Company. In the event the second market maker quotes prices which are not substantially less favourable than (i.e. do not differ by more than 0.5% from) the prices published by the sources monitored by the Company, the Company will attempt to execute the transaction at the price quoted by the second market maker. If both market makers quote prices which differ by more than 0.5% from the prices published by the sources in a direction which is less favourable for the Customer, the Company will select the market maker that quotes more favourable prices for the Customer.

If circumstances on the market of the derivative in question prevailing at the time the Company attempts to execute an order are at variance with standard market practices, and according to the best judgement of the Company the threat exists that the transaction would be concluded under less favourable terms for the Customer or would not be concluded in line with the Customer's instructions if the procedure laid out above were followed, the Company may resort to procedures other than the one specified above.

It follows from market specificities, market practices and standards that whenever Company acts as broker, Company must, as a general rule, use the same the same market maker for closing positions before or upon expiration when such positions are created by:

- transactions in derivatives not listed on a regulated market, and
- derivative transactions on a stock exchange, where another OTC transaction of equivalent parameters is also required for the transaction to execute.

Accordingly, execution may not follow the rules laid down below when positions are closed at or before expiration.

When the Company executes orders on own account, transaction price may not be less favourable than the price published by the source referred to above, less commissions.

7. Transactions on own account in currencies in connection with the investment services line of business

The Company may conclude spot foreign currency transactions on own account in connection with its investment services. The Company may do so whenever conversion as provided in the General Terms of Business does not occur at an exchange rate which is less favourable for the Customer than the exchange rate which would apply in case conversion occurred via a credit institution and at the rate determined by the credit institution, as provided in the General Terms of Business.

As a departure from the above, the Company may also conclude spot foreign currency transactions on own account in connection with its investment services and in line with the General Terms of Business, if the credit institution specified in the General Terms of Business refuses, for whatever reason, to deliver the amount of foreign currency which is identified by the Customer or which would be otherwise necessary, or in case the delivery would, as judged by the Company, incur adverse consequences for the Customer (such as delayed delivery, potential exercise by the contracting party of its right to cancel or terminate with immediate effect etc.).

8. Commodity exchange services line of business

As part of its commodity exchange services, the Company may conclude spot commodity transactions for immediate financial settlement for certain products and commodity types determined by the Company. The Company reserves the right to regulate the venues of execution relating to its specific commodity exchange services in the framework of its best execution policy referred to in the general terms of agreement relevant to the given activity. The Company may also execute customer orders for transactions in commodities as OTC transactions on own account, even if the products are listed on a regulated market.

III. Monitoring the Best Execution Policy

The Company monitors the efficiency of the rules laid out in this Policy about the execution of orders so as to identify and remedy any shortcomings.

In doing so, the Company assesses whether the execution venues included in this best execution policy provide the best possible result for the client or whether the execution arrangements need to be changed. Examinations performed as part of this activity of the Company are based on historical transactions.

IV. Reviewing the Best Execution Policy

The Company reviews the provisions of this Policy at least once a year (Standard review).

A review will be performed also in case of a material change that affects the capability of the Company to achieve the best possible execution, which is based on using the venues mentioned in the Best Execution Policy (Extraordinary review). Such reviews occur in particular in the following cases:

- if the instrument in question is also listed for trading on another market, which may, according to the best judgement of the Company, influence the procedure laid out in this Policy;
- if the instrument in question is delisted from a specific market, which may, according to the best judgement of the Company, influence the procedure laid out in this Policy;
- if any other event occurs which may, according to the best judgement of the Company, influence the procedure laid out in this Policy.

V. Informing Customers

Prior to performing a service, the Company informs its retail clients about the following details of its execution policy:

- a) factors to be considered during the execution of orders and the procedure the Company uses to determine the relative importance of such factors;
- b) execution venues the Company uses so as to take all reasonable steps to achieve the best possible result for the Customer all the time;
- c) an unambiguous and clear warning that specific instructions given by the Customer relating to order components may prevent the Company from taking the steps designed and formulated in the execution policy in order to achieve the best possible result with orders.

The Company provides such information to the Customers on durable medium or, if possible, on a webpage.

The Company will follow the provisions of this section about providing information even if this Policy is modified materially in respect of any of the subject covered as listed above.

Upon the Customer's request, the Company certifies in writing for the Customer that the Company has executed the Customer's orders in compliance with this Policy.

Erste Befektetési Zrt.