ORDERS HANDLING POLICY

I. GENERAL PROVISIONS

The current policy sets the standards for handling orders, received by the Bank from its clients, including the procedures for aggregation and allocation of orders as per the requirement of art. 68 (1c) of Regulations commission delegated regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive .

United Bulgarian Bank AD (hereinafter “the Bank”) apply rules and procedures pursuant to Art. 87 of the Markets in Financial Instrument Act which ensure the prompt, fair and accurate execution of all client orders.

II. SCOPE

This policy shall apply to all Business Units of the Bank that execute or receive and transmit orders for execution.

III. ORDERS’ HANDLING

All Business Units (namely, “Markets and investment banking” Directorate, “Operations” Directorate, authorised employees in the Branch network and any other related unit), involved in handling client orders, shall implement effective procedures and controls in order to ensure compliance with this policy.

All client orders shall be executed in a prompt, fair and accurate manner, given the transaction type.

All orders shall be promptly and accurately registered and allocated.

All otherwise comparable client orders shall be executed sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.
For the purposes hereof, the Bank recognizes the following cases as comparable orders (non-exhaustively listed below):

- Orders, related to the same financial instrument;
- Buy or sell orders;
- Orders, received from the same client via similar medium (online/offline).

Orders which do not have the above characteristics shall not be considered comparable orders.

In case the Bank encounters material difficulties associated with the orderly execution of an order, submitted by a Retail Client, the latter shall be informed immediately upon learning of the difficulty.

Material difficulties could arise in the following circumstances (non-exhaustively listed below):

- Delisted financial instruments
- Suspension of trading of a financial instruments on a regulated market
- Bank’s or correspondent third parties’ IT infrastructure issues
- Any other event, entailing the non-execution of an order in a timely manner and

failure to meet clients' expectations.

- Placing of financial instruments under surveillance from BSE-Sofia in accordance of art. 42 of The BSE -Sofia Rules

"Markets and investment banking" Directorate, responsible for execution of orders, shall implement effective controls in order to:

- Identify potential material delays
- Identify a client that should be informed about material difficulties
- Inform the client

In case the Bank is responsible for overseeing or arranging the settlement of an executed order, it shall take all reasonable steps to ensure that any financial instrument of a client or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

IV. AGGREGATION AND ALLOCATION OF ORDERS

The aggregation of one client order, either with those of another client(s) or with those of the Bank, shall occur only when the aggregation will not result in the disadvantage of a client, on whose behalf the Bank executes the respective order.

Prior to the aggregation of client orders, the Bank shall explain to the client the disadvantages that may result from the aggregation. Aggregation of orders without the client's prior notification shall be prohibited. The notification may be included in the agreement for provision of investment services or conducted through a communication medium, stated explicitly in the agreement.

All aggregated client orders shall be allocated in a timely, fair and objective manner. Unfair preference shall be given neither to the Bank, nor to a client. All orders shall be allocated according to:

- The price at which a transaction has been executed
- The average-weighted price for a series of transactions

When aggregating client orders (either full or partial) and their execution on the Bulgarian Stock Exchange – Sofia, the Business Units, responsible for execution of orders, shall allocate the aggregated orders in the following manner:

- The allocation of the transactions under the individual clients' orders shall be handled in such a manner as if the clients' orders have not been aggregated and have been executed sequentially in the order of their placement.
- When allocating transactions under clients' orders, the responsible Business Units shall follow the sequence of registering these client orders and shall allocate those accordingly, while taking into consideration the orders' characteristics, the clients' specific instructions and the possibility for partial execution.
- When the sequence of registering the orders presupposes allocation of a transaction under a client's order that does not allow for partial execution, the responsible Business Units shall not allocate the transaction to that client's order if the allocation would contradict the client's special instructions. In such case, the transaction shall be allocated to the next order, as per their sequence of receipt.

In case the execution venue or the rules of public offering require a different manner of order allocation (including different allocation priorities for market and limit orders), the Bank shall comply with the specific requirements of the execution venue or with the rules of the public offering and shall apply the required order allocation method.

In all other cases, where the Bank has been able to only partially execute aggregated client orders, allocation shall be made proportionally, unless such allocation is to the client‘s detriment.

Client orders, aggregated with proprietary transactions of the Bank, which have been partially executed, shall be allocated for the client's account in priority to that of the Bank. In case the Bank has been unable to execute a client's order upon advantageous terms, without aggregating that order with proprietary transactions of its, the Bank shall allocate these transactions proportionally between the client and itself, provided the allocation is not to the client's detriment.

The Bank shall maintain registers of all orders, aggregated either with other clients' orders or with proprietary transactions of the Bank.

V. MISUSE OF CONFIDENTIAL INFORMATION

Non-executed or pending client orders represents confidential information, which fall under the prohibition for distribution and misuse by the Bank's Personnel and executive management members. The Bank shall initiate all necessary measures to prevent the misuse of information by its staff members in accordance with relevant policies and procedures.

Communication to market makers or other entities, whose routine course of business is the buying and selling of financial instruments or the execution of orders, shall not be considered misuse of information, when made for a client's order execution purposes.

VI. LIMIT ORDERS' HANDLING

A client's limit order means an order to buy or sell a financial instrument at its specified price limit or better and for a specified size

In case of a limit order in respect of shares, admitted to trading on a regulated market or traded on a trading venue which have not been immediately executed under prevailing market conditions shall be considered available to the public when the Bank has submitted the order for execution to a regulated market or a MTF and can be easily executed as soon as market conditions allow.

In order to make a client's limit order public, the Bank's Business Units shall transmit the order to a regulated market or a MTF.

Regulated markets and MTFs shall be prioritised according to the Bank's execution policy to ensure execution as soon as market conditions allow.

The Business Units ("Markets and investment banking" Directorate), responsible for the execution of clients' orders, may refrain from making a client's limit order public under the following circumstances:

- The order is larger in volume, compared with normal market size (see Annex I); and
- The client has given specific instructions for non-making the order public.

The Business Units that receive client instructions for avoiding public disclosure of a given order shall document and maintain an archive of the received instructions.

Transitional and final provisions

§ 1.This Policy was approved by UBB AD Executive Directors on 10.2009 and approved by UBB Board of Directors on 10.03.2010, and amended by the Management Board on pursuant to Minutes № 43/27.08.2018.

Annex I: Orders large in scale compared with normal market size, standard market sizes and deferred publications and delays

Orders large in scale compared with normal market size for shares and depositary receipts

Average daily turnover (ADT) in EUR	ADT < 50 000	50 000 ≤ ADT < 100 000	100 000 ≤ ADT < 500 000	500 000 ≤ ADT < 1 000 000	1 000 000 ≤ ADT < 5 000 000	5 000 000 ≤ ADT < 25 000 000	25 000 000 ≤ ADT < 50 000 000	50 000 000 ≤ ADT < 100 000 000	ADT ≥ 100 000 000
Minimum size of orders qualifying as large in scale compared with normal market size in EUR	15 000	30 000	60 000	100 000	200 000	300 000	400 000	500 000	650 000