BEST EXECUTION POLICY

SB1 Markets ("SB1 Markets") has a cooperation ("**The Cooperation**") with some of its owner banks for trading in interest- and currency derivatives and currency spot trading. The collaboration banks are:

a) SpareBank 1 SMN

b) SpareBank 1 Sør-Norge ASA

c) SpareBank 1 Nord-Norge

("the **Collaboration Banks**")

When trading in:

- any bonds with a credit rating of BBB or higher ("Investment Grade"; and
- Certificates issued by Norges Bank,

SB1 Markets AS have a collaboration with SpareBank 1 SMN.

Some Clients will establish a customer relationship with both a Collaboration Bank and SB1 Markets when purchasing investment services. SB1 Markets and the Collaboration Banks have decided to establish a common best execution policy. This document therefore applies both for Clients that solely have a customer relationship with SB1 Markets, and for Clients that have a customer relationship with both SB1 Markets and one (or several) of the Collaboration Banks.

1 INTRODUCTION

SB1 Markets shall in accordance with the Norwegian Securities Trading Act and Markets in Financial Instruments Directive (MiFID II) take all sufficient steps to obtain the best possible results for their Clients when executing a Client's order ("**Best Execution**"). This requires SB1 Markets on (i) receipt and transmission of orders on a Client`s behalf, and/or (ii) execution of orders on a Client`s behalf, to perform a precise assessment of the execution of the order to achieve Best Execution, with reference to any specific instructions from the Client and the nature of the order and the relevant markets. Best execution obligation is only applicable to execution of orders in financial instruments on behalf of non-professional clients and professional clients that are not eligible counterparties. In areas where considered necessary, for example in relation to order handling, the policy distinguishes between non-professional and professional clients.

The policy for this assessment will be these guidelines for order execution (the "**Policy**"). The duty to ensure Best Execution does not entail that SB1 Markets has any portfolio management responsibility on behalf of the Client beyond the specific duties that are imposed by law or are otherwise agreed with the Client.

Further, SB1 Markets` duty to achieve Best Execution will be dependent on how specific and concrete the respective order is (see further details in section 2). An order is considered as received, and SB1 Markets will be in a position to trade on the Client`s behalf, when an instruction on order execution giving SB1 Markets a contractual or transmission obligation to the customer is received. With the placement of a non-specific order, the Client entrusts SB1 Markets to protect their interests in relation to price and other factors in a transaction, which can be affected by the choices the broker takes when executing the order.

To achieve Best Execution, SB1 Markets will, where practicable, apply consistent standards across financial instruments and execution venues. This Policy applies to both listed and unlisted financial instruments. However, differences between markets, instruments, order types and order sizes may require different factors to be prioritised. For example, in volatile markets, timely execution may take precedence, whereas in illiquid markets, the ability to execute the order may itself be the primary

consideration. The choice of execution venue may also be limited, and in some cases only one venue may be available.

The Policy does not cover settlement (handling of delivery and payment) after execution of an order but relate to the order execution itself. If financial settlement of a transaction is completed by another investment firm, SB1 Markets` Policy will still fully apply for the order execution.

It will be the Collaboration Bank that is responsible for settlements regarding interest rate and foreign currencies transactions conducted by SB1 Markets.

2 EXCEPTIONS FROM THE POLICY

The Policy applies when SB1 Markets executes orders on behalf of Clients. When SB1 Markets publishes rates or quote prices, at which SB1 Markets finds it acceptable to sell or buy for (price-driven markets), this is not considered as an execution of an order. The same applies when SB1 Markets and the Client agree a price on a transaction, where SB1 Markets is the counterparty and is exposed to risk.

2.1 Facilitation of Client trades/market-making

When SB1 Markets quotes a price for trade of certificates, bonds, currency, and for trade in currency, interest rate- and commodity derivatives, and the Client wishes to act on quoted price, the trade will normally not be regarded as an execution of an order on behalf of the Client, and the requirement for Best Execution will therefore not apply. If trade in financial instruments, which normally are traded in price-driven markets is carried out through an ordinary execution, the Policy will still apply for such part of the order.

Whether SB1 Markets owes a duty of Best Execution when providing a quote will depend on whether the Client legitimately relies on SB1 Markets to protect the Client's interests in relation to pricing and other elements of the transaction. This assessment shall in particular consider which party initiated the transaction, relevant market practice and the Client's ability to obtain competing quotes, the level of price transparency in the relevant market, and the information provided by, or agreements entered into with, the Client. The assessment shall be made on the basis of the circumstances of the individual transaction and shall not be determined solely by SB1 Markets acting as principal or providing a quote.

Where Best Execution does not apply because the Client does not legitimately rely on SB1 Markets, SB1 Markets shall nevertheless act honestly, fairly and professionally in accordance with the Client's best interests and comply with its obligations relating to fair pricing, conflicts of interest and good business conduct.

2.2 Specific to equity derivatives

If SB1 Markets quotes a price for equity derivatives, the trade will normally be exempted from the requirement for Best Execution in connection with execution of the order. On receipt of the order for purchase or sale of noted equity derivatives, SB1 Markets will compare the price we can offer with the price that is available on the actual trading venue and give the Client the best price.

2.3 Specific instructions

If the Client gives specific instructions regarding the whole or parts of the order, for example as to limit, best, choice of execution venue etc., the order will as far as possible be executed in correspondence with the Client's instructions. Where an order or a part of an order is executed in relation to specific instructions, this is regarded as Best Execution, cf. Commission Delegated Regulation EU/2017/565 article 64 no. 2. When a specific instruction concerns only parts of the order, this Policy will apply for the remaining part of the order.

Orders placed by the Client themselves using a self-service trading solution, for example the online trading platform through the SpareBank 1 banks or DMA, will be regarded as a specific instruction given by the Client, which shall be executed by SB1 Markets in relation to this.

Important: Where a Client provides specific instructions, SB1 Markets may be prevented from applying its normal Best Execution arrangements in respect of the elements covered by the instructions given by the Client.

3 DETAILS ON THE POLICY FOR BEST EXECUTION

3.1 Relevant factors

SB1 Markets will take regard to the following criteria when ensuring best execution:

- Price
- Costs
- Speed of the execution
- Likelihood of execution and settlement
- The size of the order
- The type and nature of the order
- Other criteria relevant to the execution of the order (such as likely market impact)

3.2 Consideration of relevant factors

When weighing up the above-mentioned factors (section 3.1) against each other, the following criteria should be taken into consideration:

- the characteristics of the Client, including categorization of the Client as non-professional or professional
- the characteristics of the Client order, including where the order involves a securities financing transaction
- the characteristics of the financial instruments that are subject to the order
- the characteristics of the execution venues to which the order can be directed

3.3 Conflicts of interest and impartial execution

SB1 Markets shall identify and manage actual or potential conflicts of interest that may affect the execution of Client orders. Such conflicts may arise, among other circumstances, where SB1 Markets or a Collaboration Bank acts as principal, where SB1 Markets has an interest in executing an order against a particular balance sheet or through a particular execution venue or broker, where several Clients submit competing orders, or where the remuneration or commercial interests of SB1 Markets, a Collaboration Bank or an employee could influence the execution decision.

The choice of execution method, execution venue, broker or counterparty shall be based on the factors and criteria set out in this Policy and shall not be influenced by considerations that are inconsistent with achieving the best possible result for the Client. SB1 Markets shall not structure or charge its commissions in a manner that unfairly discriminates between execution venues, nor accept any remuneration, benefit or other incentive for routing orders to a particular execution venue or broker where this would conflict with the Client's best interests.

Where an actual conflict arises between SB1 Markets and a Client in connection with order execution, the Client's interests shall take precedence over the interests of SB1 Markets. Where an actual conflict arises between Clients, SB1 Markets shall apply objective and consistently applied allocation principles. Time priority shall normally apply where orders are otherwise comparable. Where time priority does not provide

an appropriate or fair result, available financial instruments or execution capacity shall be allocated on a pro rata basis by reference to the respective order sizes, unless another allocation method is objectively justified and documented. No Client shall be unfairly favoured to the detriment of another Client.

Where the transaction may give rise to a material conflict between Collaboration Banks or between the balance sheets available under The Cooperation, the selection or allocation of the relevant balance sheet shall be based on documented and objective criteria. These shall include the best interests of the Client, the nature of the Client relationship, relevant historical connections, the risk appetite and execution capacity of the relevant Collaboration Banks, participation in any underlying syndicated financing and any other circumstances relevant to achieving a fair and appropriate outcome.

If the arrangements established by SB1 Markets are not sufficient to prevent a material risk of damage to a Client's interests, the conflict shall be escalated in accordance with SB1 Markets' conflicts of interest procedures. Disclosure to the Client shall be used only where the conflict cannot otherwise be prevented or adequately managed. Where the conflict cannot be managed in a manner that protects the Client's interests, SB1 Markets shall refrain from executing the order or entering into the transaction.

With regards to execution of orders for non-professional Clients, the total amount to be paid by the Client will normally be the decisive factor for the choice of execution (price). This entails that the criteria of speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only if SB1 Markets considers that that these criteria are instrumental in delivering the best possible result in terms of the total consideration to the non-professional Client. When determining the total amount, SB1 Markets shall take into account the price of the financial instrument and the costs relating to the execution including direct clearing and settlement fees, other fees paid to third parties involved in the execution of the order.

If the order is of such volume that SB1 Markets consider it likely that it will affect the pricing of the instrument in the market, SB1 Markets can execute the order fragmented and over time if the broker consider it suitable to achieve Best Execution on behalf of the Client.

3.4 Alternative methods for execution of orders

In order to meet SB1 Markets` duty to carry out all reasonable measures to achieve Best Execution for the Client, SB1 Markets will use one or more of the following marketplaces when we execute customer orders:

3.4.1 On a regulated marketplace, multilateral trading facility ("MTF"), organised trading facility ("OTF"), systematic internaliser ("SI") or market maker:

a. by submitting the Client`s order to an execution venue where SB1 Markets is a member or has access through Smart Order Routing (SOR). SB1 Markets points out that marketplaces are in constant change and development. SB1 Markets reserves the right at any given point in time to discontinue the use of or take in use other markets and MTFs.

b. by placing the order with another investment firm if SB1 Markets does not have access to the relevant execution venue. SB1 Markets will ensure that the other investment firm's guidelines are compliant with our Best Execution Policy.

3.4.2 Outside a regulated venue or MTF:

c. By buying from or selling to other Clients (Client- to Client trading). If SB1 Markets has received orders for both purchase and sale of the same financial instrument, and these orders can be matched internally, SB1 Markets will usually place the orders in the trading system where the financial instrument is listed. The trading system will automatically perform a matching of the orders to the market price. Alternatively, the orders will be executed by SB1 Markets itself

concluding the contract on behalf of the Clients. SB1 Markets will then protect the Client`s interests with the same care as otherwise and set the price on the basis of the rate on the stock exchange, or if stock exchange rates are not available, a rate which is reasonable in light of the market position.

d. by becoming, in whole or in part, a counterparty (trading on own account). If SB1 Markets or SMN is counterparty, this will be stated on the contract note or other confirmation. If SB1 Markets or SMN becomes a counterparty (trading on own account) in relation to a Client order, this will take place at a price which is equal to the best achievable price in a trading system, such as the stock exchange price. Exceptions will apply if SB1 Markets, in its capacity as a Market Maker and when asked directly by a Client, quotes a price at which we are prepared to either buy or sell the relevant financial instruments, and the Client accepts this price. When SB1 Markets act as a counterpart in non- cleared transactions, the Client will obtain counterparty risk to SB1 Markets.

e. by placing the order with another investment firm which SB1 Markets collaborates with.

3.4.3 Relevant execution venues

SB1 Markets is a member on following regulated trading venue and MTF:

- Oslo Stock Exchange
- Euronext Expand
- Nordic AB
- Nasdaq Stockholm
- Nasdaq First Growth Market

The list is not exhaustive. From time to time executions may take place on other platforms, hence there is an aliment with the Policy. If circumstances arise where relevant markets are not given in advance, SB1 Markets will consider which market(s) on the list will most probably provide Best Execution for our Clients. For certain financial instruments there will be only one possible market for execution of the order. Which markets are available for execution of an order in a self-service trading solution for securities, depends on the service offered.

In certain circumstances orders will be executed outside regulated markets or MTF if SB1 Markets finds that this will provide Best Execution for the Client.

If the financial instrument is traded on several execution venues, the order will primarily be sent to the market via SOR. This entails that the order will be executed on the regulated market/MTF, where the best price is available. Nevertheless, before the order is sent to the venue, SB1 Markets will investigate whether liquidity and better prices are available in any “dark pools” which SB1 Markets has access to. If SB1 Markets considers that a trading venue with higher liquidity, in connection to the actual financial instrument, will provide Best Execution for the Client, SB1 Markets will seek to execute the order at this venue. SB1 Markets will, based on this Policy, execute the Clients order on the best-suited marketplace.

For the circumstances that SB1 Markets transmit or place orders through another investment firm, the quality on their executions is monitored, and if necessary, any deficiencies will be corrected.

When selecting an execution venue or an investment firm to which an order is transmitted, SB1 Markets shall consider the execution factors and variables set out in this Policy, including the liquidity available, the quality and reliability of execution, clearing and settlement arrangements, execution costs, market impact and the characteristics of the Client and the order. SB1 Markets shall not select a venue or investment firm solely because it offers lower costs to SB1 Markets where another alternative is expected to provide a better overall result for the Client.

SB1 Markets may use third-party brokers and other investment firms where this provides access to relevant markets, liquidity, execution functionality or expertise. Before appointing a third party, SB1 Markets shall assess whether the third party has execution arrangements that enable SB1 Markets to comply with this Policy. The assessment shall take account of the third party's execution policy, access to execution venues, execution quality, costs, resilience, conflicts of interest and ability to provide information required for monitoring and documentation. The continued use of the third party shall be subject to periodic review.

Different trading venues and third-party brokers may have different fees for executing a trade. According to SB1 Markets General Business Terms and Conditions, such fees are to be covered by the Client in addition to any commission. Information on fees and the most common costs is published in the Price List at www.sb1markets.no/disclaimer. Any other trading costs will be informed on Client's demand. SB1 Markets does not receive inducements from trading venues or third-party brokers/Any inducements from a trading venue or a third-party broker will be transparent to the Client.

3.5 Fairness of prices for OTC products and principal transactions

When executing an order or agreeing a transaction in an OTC product, including where SB1 Markets or a Collaboration Bank acts as principal, SB1 Markets shall check the fairness of the price proposed to the Client. This shall be done by gathering available market data used in estimating the price and, where possible, by comparing the proposed price with comparable or similar products.

The assessment may take into account observable market prices, executed transactions, executable or indicative quotations, relevant interest-rate or credit curves, foreign exchange rates, volatility, expected dividends, liquidity, funding costs, capital usage, credit and counterparty risk, hedging costs, the size and nature of the transaction and other objectively relevant pricing factors. Where directly comparable market information is unavailable, SB1 Markets may use an appropriate and consistently applied valuation model. The assumptions, inputs and methodology shall be sufficiently documented to permit subsequent review.

Any margin or spread included in the price shall be reasonable having regard to the characteristics of the instrument and transaction and shall not be set in a manner that gives priority to the revenue or risk position of SB1 Markets or a Collaboration Bank over the Client's interests.

3.6 Specific to trading unlisted shares

If an unlisted share (or other financial instrument) is registered on the Norwegian OTC-list (NOTC-list), SB1 Markets will enter the order as an interest in the NOTC-system and then contact another firm that has registered a corresponding interest in the OTC system. SB1 Markets will negotiate with this firm in order to achieve the best possible price on behalf of the Client.

3.7 Specific to trade in interest and currency markets

As previously stated, SB1 Markets and are cooperating with the Collaboration Banks in connection with trade in interest and currency derivatives and currency spot. SB1 Markets provides the services receipt, transmission and execution of orders and is in charge of all customer contact. A Collaboration Bank is the financial counterparty in all trades and responsible for the financial settlement of the transaction. However, SB1 Markets is handling the settlement on behalf the Collaboration Banks.

For trading in foreign currency SB1 Markets and the Collaboration Banks will make use of the counterparties to whom trading lines are established for the time being.

3.8 Special Provisions Regarding Trading in Investment Grade

As mentioned initially, SpareBank 1 SMN and SB1 Markets have an ongoing collaboration regarding the trading of Investment Grade bonds and Certificates issued by Norges Bank. SB1 Markets provides the investment services of reception, transmission, and execution of orders, as well as maintaining customer

contact, while SpareBank 1 SMN acts as the financial counterparty in all trades. All transactions conducted with SpareBank 1 SMN as the Clients' financial counterparty are carried out under the same operational requirements that would apply to trading against SB1 Markets' balance sheet. The cooperation agreement between SpareBank 1 SMN and SB1 Markets does not include investment advice or trading in bonds classified as High Yield. To the extent that SB1 Markets provides investment advice, this is done independently of SpareBank 1 SMN.

Order execution for Investment Grade bonds or Certificates for Norges Bank follows the same principles as for other financial instruments. The order will be executed in accordance with the Clients' order specification, if possible.

4 TIMING OF ORDER EXECUTION ETC.

Unless a specific instruction from the Client is provided, SB1 Markets shall normally disclose and commence the execution of the order immediately upon receipt of the order. This entails that SB1 Markets will process incoming orders based on time priority, unless it is deemed that Best Execution will be achieved by combining the order with other orders, so called aggregating of orders. SB1 Markets reserves the right to aggregate the Client`s order with orders from other Clients, people or other legal entities, which may or may not be connected to SB1 Markets. Aggregation of orders may take place if it is unlikely that aggregation in general will be disadvantageous to any of the Clients. However, the Client should be aware that the aggregation of orders may in certain circumstances be disadvantageous.

Further, SB1 Markets reserves the right to aggregate the Client`s order with transactions carried out for SB1 Markets own account. If the combined order can only be partly executed, the Client`s order will generally be prioritized over that of SB1 Markets. Exceptions will apply if SB1 Markets could not have executed the order with equally advantageous terms without aggregation. Further information on aggregation of Clients` orders can be found in the general terms and conditions for trade with financial instruments through SB1 Markets, clause 8.3.

4.1 Allocation of aggregated and partially executed orders

Before aggregating Client orders, SB1 Markets shall establish and apply objective allocation principles. Orders with comparable terms shall normally be handled according to time priority, meaning in the order in which they are received. Orders with different limits, instructions or other material terms are not comparable and may be handled differently in accordance with the relevant Client instructions and prevailing market conditions.

Aggregation may be used only when it is unlikely to operate overall to the disadvantage of any Client, although an individual order may in particular circumstances obtain a less favourable result. If an aggregated order is only partly executed, the executed quantity shall be allocated fairly and equitably. Allocation between comparable Client orders shall normally be made pro rata by reference to order size, unless time priority or another objectively justified method provides a fairer result. Any alternative method and the reasons for using it shall be documented, and no Client shall be unfairly favoured.

Where a Client order is aggregated with a transaction for SB1 Markets' own account and the combined order is only partly executed, the Client order shall normally take priority. An allocation to SB1 Markets' own account may be made only where SB1 Markets can demonstrate on reasonable grounds that, without the aggregation, the Client order could not have been executed on equally advantageous terms or at all. Allocation decisions, including any exception to the normal principles, shall be recorded and capable of subsequent review.

If the order is received outside the market`s opening hours, the order will normally be executed when the market reopens.

5 MARKET DIVERSITIES

If any interferences occur at the marketplaces or in the trading system (e.g. suspension, annulations etc.), SB1 Markets can execute in other ways than described above, if SB1 Markets considers this most likely to give the Client Best Execution. The marketplace and/or the trading system can cancel or make changes to a trade executed in their system. SB1 Markets is not responsible for such cancellation or change, regardless of the Client has received oral confirmation from the broker or contract note from SB1 Markets.

SB1 Markets may also deviate from the various points in the guidelines in cases where the relevant markets are highly volatile or subject to market disruption.

6 MONITORING AND REVIEW

SB1 Markets shall monitor the effectiveness of its order execution arrangements and this Policy in order to identify and, where appropriate, correct any deficiencies. Monitoring shall include an assessment of whether the execution venues, brokers, counterparties and other investment firms used by SB1 Markets consistently provide outcomes that support the best possible result for Clients. The assessment shall take account of available execution-quality information, transaction cost analysis, relevant market data, Client complaints, incidents, exceptions and outliers, as well as any material changes to market structure, products, systems, execution venues or third-party arrangements.

For OTC products and transactions executed on a principal basis, monitoring shall include periodic comparison of Client prices and margins against available market data or reasonable market-price estimates. Material deviations or outliers shall be investigated and documented. Where the review identifies deficiencies, SB1 Markets shall take appropriate remedial action, which may include changes to execution arrangements, pricing controls, approved venues, brokers or counterparties, escalation procedures, training or this Policy.

SB1 Markets shall review this Policy and its order execution arrangements at least annually and whenever a material change occurs that affects its ability to continue obtaining the best possible result for Clients. The review shall include the continued appropriateness of the execution venues and third parties used, the effectiveness of measures for managing conflicts of interest and whether the order execution arrangements operate as intended in practice.

SB1 Markets shall retain sufficient records to demonstrate, upon request, that orders have been executed in accordance with this Policy. Records shall, where relevant, include the Client's instructions, the execution factors and variables considered, the selected execution method, venue, broker, counterparty or balance sheet, the basis for any material deviation from the normal execution arrangements, assessments of conflicts of interest, price-fairness checks for OTC products, allocation decisions and the outcome of monitoring and review activities.

7 SUSPISCION OF MARKET ABUSE OR INSIDER TRADING

By suspicion of market abuse or insider trading, SB1 Markets have the right not to execute the order.

Appendix

Equity and equity- like instruments:

This appendix explains our best execution processes for the following equity and equity-like financial instruments:

- Shares
- Equity Certificates
- Depositary receipts
- Warrants
- Exchange traded funds (ETF)
- Exchange traded notes (ETN)

The mentioned financial instruments have different characteristics, hereby different risk factors, liquidity and credit risk.

How SB1 Markets handle Client orders:

When SB1 Markets executes Client orders in equity and equity- like instruments we can do so by acting as either the Client`s agent (execute orders on behalf of the Client) or a principal (execute Client`s order against our internal balance).
All orders will normally be sent through our Smart Order Router (SOR), unless other is specified by the Client. The following execution venues are mainly used:

- Nasdaq.OMX Copenhagen
- Nasdaq.OMX Stockholm
- Nasdaq.OMX Helsinki
- Oslo Stock Exchange
- Nasdaq OMX First North (Sweden)
- Nasdaq OMX First North (Denmark)
- Nasdaq OMX First North (Finland)
- Nasdaq First Growth Market
- Aktietorget
- SEBX
- Euronext Expand
- Euronext Growth
- Norwegian over the counter market
- NGM Equity
- NGM -Nordic MTF
- Nasdaq.OMX Riga
- Nasdaq.OMX Tallinn
- Nasdaq.OMX Vilnius
- Nasdaq.OMX Iceland
- BATS Europe
- Chi-X Europe
- Turquoise
- UBS MTF
- ITG Posit
- Sigma X
- Instinet Blockmatch
- Liquidnet
- Smartpool
- Deutsche Börse – Xetra
- NYSE Euronext Amsterdam
- NYSE Euronext Brussels
- NYSE Euronext Paris
- NYSE Euronext Lisbon
- London Stock Exchange
- SIX (Swiss Exchanges)
- Borsa Italiana
- Irish Stock Exchange
- Madrid Stock Exchange
- Vienna Stock Exchange
- Nasdaq
- American Stock Exchange
- New York Stock Exchange (NYSE)
- Toronto Stock Exchange

SB1 Markets has access to numerous other marketplaces listed on the following website: https://www.instinet.com/legal-regulatory. The documents are called “Appendix to the Order Execution Policy - EMEA Venues” and “Appendix to the Order Execution Policy - non-EMEA Venues”.

SB1 Markets note that marketplaces are constantly changing and developing. SB1 Markets reserves the right at any given point in time to discontinue the use of or take in use other markets and MTFs.

The Smart Order Router (SOR) will route the order to the venue that will give the best price.

If SB1 Markets receives orders for both purchase and sale of the same financial instrument, these orders can be matched internally in accordance with the Client's interest and current regulations.

In addition, SB1 Markets will also itself constitute as an execution venue for the execution of orders from Clients when SB1 Markets executes orders by trading on own account on behalf of Clients acting as an execution venue i.e. as a systematic internaliser, market maker or liquidity provider. In these situations, SB1 Markets will act as a principal. When SB1 Markets responds to a request for quote (RFQ), the respective price will depend on market situation, order size, liquidity etc.

When a professional Client trade based on a quote provided by SB1 Markets, the initial assumption will be that the Client does not legitimately rely on SB1 markets to provide best execution. This assumption will be checked against the so-called four-fold cumulative test, published by the European Commission to establish whether the obligation to best execution is relevant. The four-fold cumulative test encompasses the following criteria:

- Which party initiates the transaction. If the Client initiates a transaction, it is less likely that the Client will be relying on us to provide best execution.
- Questions of market practice and the Client's capacity to trade other places.
- The relative levels of price transparency in the market.
- The information provided by SB1 Markets and any agreement reached between the Client and SB1 Markets may impact on whether best execution is obliged.

For non-professional Clients, the result of the four-fold cumulative test will normally be that you are entitled to best execution when you trade based on a quote provided by us.

How to place an order:

Clients can send orders electronically via SB1 Markets online trading platform or manually by phone or chat functions.

Electronical orders are sent directly through the market in accordance with the Client's specifications. Orders that are valid for several days will be withdrawn from the market on a daily basis, and then resent the next morning, unless the Client manually ask SB1 Markets to keep the order in the market.

Orders received manually are sent through the market in accordance with the Client's specifications.

SB1 Markets has access to several different types of algorithms that can be used while executing Client orders.

Priority of execution factors

SB1 Markets executes orders for shares and equity-like instruments in the same way for both non-professional and professional Clients. Situations may arise where other factors (speed of execution, market impact, size of the order for execution) are more likely to get priority over price.

Equity derivatives:

This appendix explains our best execution processes for the following equity derivatives:

- Stock options and forwards
- Index options and futures
- Total return swaps (TRS)
- Other tailor- made derivatives

Equity derivatives may be exchange traded- or OTC derivatives.

How SB1 Markets handle Client orders:

When SB1 Markets executes Client orders in equity derivatives we can do so by act as either an agent or a principal. If a Client wants to trade an exchange traded derivative SB1 Markets will seek to quote the best possible price based on several factors like volatility, expected dividend, interest rate, risk margins etc. SB1 Markets will compare the quoted price with observable prices in the market, and if the observable price in the market is better than our quoted price, SB1 Markets will act as an agency and execute the order in the market.

When quoting prices in an OTC derivative, SB1 Markets will seek to quote the best possible price based on the same factors as mentioned above. For such kind of contracts, observable prices may not be available; under these circumstances, SB1 Markets will give a best estimate and act as a principal if the Client accepts the price.

How to place an order:

Clients can place orders or request for quote manually by phone, email or chat functions. SB1 Markets will executed the order in accordance with the Client's specifications. Exchange traded derivatives will be executed at the execution venue where the instrument is listed. In cases where SB1 Markets does not have access to certain markets orders will be placed with another investment firm. SB1 Markets will ensure that the other investment firm's guidelines is compliant with our Best Execution Policy.

Bonds:

This appendix explains our best execution processes for the following bonds, the list is not exhaustive:

- Commercial paper
- Credit bonds
- Covered bonds
- Government bonds
- Hybrid bonds
- Convertible bonds
- High Yield bonds

Bonds are normally traded off exchange. SB1 Markets normally acts on a principal or matched principal basis. Clients trade bonds on the basis of a quote provided by SB1 Markets or by placing an order. This may be done through telephone or electronic channels. The trade concludes when Clients and SB1 Markets agree on a price.

In cases where the Client requests to sell bonds, which SB1 Markets does not want to add onto their own book, SB1 Markets will try to find buyers in the market. If the Client wants to invest in bonds, which SB1 Markets does not have on their own book, SB1 Markets will contact potential sellers. The margin will increase in such cases due to extra work involved.

The price quoted will include a margin and this shall cover the costs related to market risk, counterparty risk, funding, capital adequacy requirements, operational costs, taxes, execution venue fees, clearing fees, settlement costs and a profit to SB1 Markets.

Bonds have varying levels of liquidity. Liquidity will affect the price, and may be obtained through SB1M's own book, Clients orders or market liquidity.

SB1 Markets will seek to quote a fair price. The price will depend on transaction data and observable prices in the market. The size and nature of the order may affect the price. In some cases there may be limited or no information available about current market prices. In such cases, the price will be based on a best estimate, based on current pricing of similar instruments or issuers.

SB1 Markets also use internal models for pricing. If SB1M does not want to keep the bonds in our inventory, or if we do not hold the bonds, we will seek an interested counterparty in the market. The margin in these cases reflect the effort made by SB1 Markets. Executed bond transactions are monitored and benchmarked against available market data by use of a transaction cost analysis (TCA). Internal policies will ensure that we monitor and follow up outliers.

All customer trades in bonds have Sparebank 1 SMN as financial counterparty. All orders executed by SB1 Markets and Sparebank 1 SMN are against SpareBank 1 SMNs own balance.

Interest rate derivatives and FX derivatives:
This document explains the principles applied by SB1 Markets when executing orders in interest rate derivatives and FX derivatives for non-professional Clients and for professional Clients that are not eligible counterparties.

The principles apply for the following financial instruments:

- FX forwards
- FX options
- Forward rate agreements (FRA)
- Interest rate swaps (IRS)
- Interest rate options

The Client trades an interest rate derivative or FX derivative by accepting a quote from SB1 Markets. For some of the financial instruments listed above SB1 Markets offers electronical trading. The quote is based on SB1 Markets internal pricing models and relevant market prices.

For non-professional Clients the quality of execution is determined in terms of the total consideration. Total consideration consists of transaction costs and the price of the financial instrument.

Professional Clients that ask for a quote from SB1 Markets and subsequently accept the quote cannot fully expect Best Execution according to this document.

All Client orders are executed with SB1 Markets and a Collaboration Bank as counterparty. This implies that all quotes provided by a Collaboration Bank /SB1 Markets are against a Collaboration Banks balance.

The most important determinants for the price of the financial instrument are:

- Observed prices for similar instruments
- FX rates, interest rate curves, interest rate differentials and volatility
- Marked liquidity
- The size and characteristics of the order

- Regulatory factors
- The credit quality of the Client

The liquidity of interest rate derivatives and FX derivatives vary over time and across different financial instruments. Market information is calibrated to internal data when necessary to obtain a fair market price.

SB1 Markets executes orders promptly and in the sequence in which they are received. When a Client provides specific instructions on order execution, this might prevent SB1M from execution the order according to the principles outlined in this document.

SB1 Markets will evaluate the principles by comparing Client quotes to market data. Direct comparable market prices will rarely be available, which implies that the evaluation typically will be based on market price estimates.

Considerations related to speed and likelihood of order execution are not relevant, since SB1 Markets provides binding quotes to Clients upon individual assessment of each order.

SB1 Markets will periodically publish information on the quality of order execution.