



**Principles for the
execution of orders
(best execution policy)**

A. General information on the execution guidelines

1. Preamble

While preserving the interests of customers and investors, Österreichische Volksbanken-AG has established the following execution guidelines with effect from 1 July 2009.

The execution guidelines listed below do not apply

- to certain financial instruments that are purchased directly from or sold directly to Österreichische Volksbanken-AG at a fixed price (fixed price transactions)
- to the issue and repurchase of units in Austrian investment and real estate funds and foreign asset management funds that are admitted for sale in Austria, provided that such sales take place via a custodian bank

2. Customer instructions

The execution guidelines defined in this document shall apply as a general rule. However, the customer is free to determine the place of execution and/or the type of order (e.g. order restrictions such as “stop market”) for an individual transaction. This type of explicit customer instruction countermands the execution guidelines contained in this document.

General instructions that refer not only to the execution of a specific order but also to all future orders cannot be taken into consideration.

In the event that Österreichische Volksbanken-AG makes use of a third party (bank, broker, asset management company/custodian bank or investment firm) to execute orders, it shall ensure that said third party adheres to any instructions forwarded from its customers.

3. Orders

3.1 Types of order/price limit

- At best orders (market orders)/orders that make no mention of a price limit: with the order restriction “at best”, you accept any possible price; the required capital contribution/revenues thus remain uncertain.
- Limit order/order that specifies a price limit: a purchase limit allows you to restrict the purchase price of a stock exchange order and hence the capital used; purchases over the price limit are not executed. A sell limit allows you to set the lowest price which is acceptable to you; sales are not executed below the price limit.
- Stop market order/this type of order is activated as soon as the price reached on the stock exchange is the same as the chosen stop limit: after its activation, the order is treated as an “at best order”, i.e. without a limit. The actual price generated may thus differ substantially from the chosen stop limit, particularly in the case of securities in a narrow market.

3.2. Validity restrictions/time limit

End-of-month: unless you issue a separate instruction, your order will remain in effect until the last trading day of the month. If the order is issued after the 25th calendar day of a month, it will remain in effect until the last trading day of the following month.

Day order: the order will only remain in effect for the current trading day.

Date: the order will remain in effect until a specified date.

90 days: the order will remain in effect for 90 calendar days.

Year-end: the order will remain in effect until the last trading day of the year.

The various possibilities for restricting execution or validity depend on the respective product, trading centre or trading partner. Information on other types of order can be provided by your customer relationship manager.

4. Forwarding orders

If Österreichische Volksbanken-AG forwards orders to third parties (banks, brokers, asset management companies/custodian banks or investment firms), it shall issue instructions to ensure that they are executed in accordance with its execution guidelines.

Orders forwarded to Österreichische Volksbanken-AG by other banks or investment firms will only be accepted based on instructions from the forwarding bank.

General instructions from the forwarding bank that do not refer to a specific order cannot be taken into consideration by Österreichischen Volksbanken-AG.

5. Execution outside of a regulated market or multilateral trading system

As the execution guidelines of Österreichische Volksbanken-AG provide for orders for specific product categories (*categories of financial instruments*) to be executed outside of a regulated market ("stock exchange") or multilateral trading system, separate approval must be obtained for this from the customer.

6. Information on collective orders

Österreichische Volksbanken-AG only processes orders collectively if combining the orders is not expected to place any customer whose order is being combined at a disadvantage.

B. Best possible execution of customer orders

1. Aspects of the best possible execution of customer orders

Österreichische Volksbanken-AG currently takes the following aspects into account for determining the best possible execution of customer orders:

- the price of the financial instrument
- the costs associated with executing and settling the order
- the probability of execution and
- the probability of settling the order

The “costs associated with executing the order” are all outlays arising for the customer which are directly related to the execution of the order, including place of execution charges, clearing and settlement charges, in particular costs for changing the place of safekeeping, as well as all other charges known at the time the transaction is completed which are paid to third parties involved in the execution of the order.

The “probability of execution” takes into consideration the liquidity of a place of execution and hence gives an indication of whether an order can actually be executed.

The criterion “probability of settling the order” makes reference to the quality of the settlement. This includes the proper delivery of securities or settlement of payments and capital measures.

2. Product categories/categories of financial instruments

Österreichische Volksbanken-AG distinguishes between the following product categories when executing customer orders:

Product categories

- 1 Shares and comparable investments**
- 2 Funds**
- 3 Bonds and comparable debt instruments**
- 4 Structured securities**
- 5 Warrants**
- 6 Securities derivatives**
- 7 Interest-rate derivatives**
- 8 Credit derivatives**
- 9 Money market securities**
- 10 Currency derivatives**
- 11 Derivatives on commodities**

Various financial instruments are included in the product categories listed, e.g.:

- Structured securities (4): certificates
- Securities derivatives (6): options or futures whose underlying instrument is a security or an index Derivatives are uncertificated derivative financial instruments with specific underlying instruments (e.g. equities, currencies, commodities, interest rates)

Detailed explanations of the product groups can be found in the brochure “Volksbank risk code for asset management” and under www.volksbank.com. Your customer relationship manager will also be happy to answer any queries you may have.

3. Weighting of the aspects

The individual aspects of executing an order must be weighted with regard to their relative significance. This weighting is Österreichische Volksbanken-AG’s assessment of how important the aspects are. Österreichische Volksbanken-AG will primarily take total consideration into account, which comprises the price of the financial instrument and all costs associated with executing the order.

Österreichische Volksbanken-AG applies the following weighting:

Aspects of best possible order execution	Weighting
Price of the financial instrument	40%
Costs of order execution and settlement	40%
Probability of execution	10%
Probability of settlement	10%

Österreichische Volksbanken-AG applies the above weighting without exception for all product categories/categories of financial instruments.

4. Scope of application

The execution guidelines fulfil the legal requirements for guaranteeing the highest possible level of protection for private customers. Österreichische Volksbanken-AG also applies these execution guidelines to professional customers, thereby dispensing with the need to draft separate guidelines.

5. Determining the best possible places of execution

Orders for subscribing to issues are generally forwarded to the issuer, the lead underwriter or a member of the underwriting syndicate specified by the issuer for execution.

Österreichische Volksbanken-AG has assessed its places of execution based on the above weighting and has specified the following places of execution for the respective product categories/categories of financial instruments listed under B2:

Sales are executed at those places of execution that do not require a change of depositary, taking into account the total consideration. If this is not possible, the following “product categories and places of execution” table is used; in such cases a change of depositary cannot be ruled out.

Product categories	Places of execution
1 Shares and comparable investments	
1.1 In Austria	
Issuer Österr. Volksbanken-AG:	Österreichische Volksbanken-AG (OTC)
Other issuers in Austria:	Xetra Wien
	If a security is not listed on the Vienna Stock Exchange, the stock exchange the Austrian issuer regards as its home stock exchange is used.
1.2 Outside Austria	As of August 2009
German issuers:	<ul style="list-style-type: none"> • 19:58 – 17:28*): Xetra Frankfurt (requirement: continuous trading), otherwise Frankfurt Stock Exchange • 17:28 – 19:58*): generally Frankfurt Stock Exchange
All other issuers:	Frankfurt Stock Exchange
	If a security is not listed on a German stock exchange, the stock exchange the non-Austrian issuer regards as its home stock exchange (see below) is used.
	<p>Note on subscription rights: If the customer does not issue any instructions regarding subscription rights, the subscription rights will – as far as possible – be sold on the last trading day at the home stock exchange (for stock exchange listings) or OTC (if not listed on a stock exchange) or otherwise closed out as worthless.</p>

*) Time settlement system

2 Funds

2.1 ETFs/closed end funds

As of August 2009

- 19:58 – 17:28*): Xetra Frankfurt (requirement: continuous trading), otherwise Frankfurt Stock Exchange
- 17:28 – 19:58*): generally Frankfurt Stock Exchange

If a security is not listed on a German stock exchange, the stock exchange the issuer regards as its home stock exchange is used.

2.2 Fund orders as part of “asset building with funds”

Österreichische Volksbanken-AG (OTC)

2.3 Other funds (funds that do not fall under the above categories)

Custodian bank or the relevant asset management company

3 Bonds and comparable debt instruments

3.1 In Austria

Issuer Österr. Volksbanken-AG and other issuers:

Österreichische Volksbanken-AG (OTC)

3.2 Outside Austria

Österreichische Volksbanken-AG (OTC)

4 Structured securities

4.1 In Austria

Issuer Österr. Volksbanken-AG:
Other issuers:

Österreichische Volksbanken-AG (OTC)
EUWAX

4.2 Outside Austria

EUWAX

If a security is not tradable on a German stock exchange, the stock exchange the non-Austrian issuer regards as its home stock exchange is used.

5 Warrants

5.1 In Austria

Issuer Österr. Volksbanken-AG:
Other issuers:

Österreichische Volksbanken-AG (OTC)
Vienna Stock Exchange

5.2 Outside Austria

Stuttgart Stock Exchange

If a warrant is not tradable on a German stock exchange, the stock exchange the non-Austrian issuer regards as its home stock exchange is used.

*) Time settlement system

6 Securities derivatives

- 6.1 In Austria
ÖTOB listing: ÖTOB
- 6.2 Outside Austria
EUREX listing: EUREX
CBOE/CBOT or CME listing: CBOE, CBOT, CME
Liffe listing: Liffe

7 Interest-rate derivatives

- EUREX listing: EUREX
CBOT listing: CBOT
Liffe listing: Liffe
Otherwise: Österreichische Volksbanken-AG

8 Credit derivatives Österreichische Volksbanken-AG (OTC)

9 Money market securities

- 9.1 In Austria Österreichische Volksbanken-AG (OTC)
- 9.2 Outside Austria
Treasury bills: CBOT
EUREX listing: EUREX
Otherwise: Österreichische Volksbanken-AG (OTC)

10 Currency derivatives Österreichische Volksbanken-AG (OTC)

11 Derivatives on commodities Österreichische Volksbanken-AG (OTC)

Home stock exchanges:

Österreichische Volksbanken-AG offers the following stock exchanges as places of execution/home stock exchanges. If you wish to use a place of execution that is not included in this list, please consult your customer relationship manager.

Stock exchanges:

<u>Country</u>	<u>Code or city</u>	<u>Name</u>
Austria	Xetra Wien	Wienerbörse AG
Germany	Xetra	Xetra (Exchange Electronic Trading)
	FRA	Frankfurter Wertpapierbörse
	STU	Baden-Wuerttembergische Wertpapierbörse zu Stuttgart
	MUN	Bavarian Stock Exchange
	BER	Berlin-Bremen Stock Exchange
	HAM	Hanseatische Wertpapierbörse Hamburg

Country	Code or city	Name
	HAN	Niedersächsische Börse zu Hannover
	DÜS	Rheinisch-Westfälische Börse zu Düsseldorf
Belgium	Brussels	Euronext Brussels NV/SA
Czech Republic	Prague	Prague Stock Exchange, RM-System (Electronic Market)
Denmark	Copenhagen	Nordic Exchange in Copenhagen
Finland	Helsinki	Nordic Exchange in Helsinki
France	Paris	Euronext Paris
Great Britain	London	London Stockexchange Group PLC
Greece	Athens	Athens Exchange S.A.
Hungary	Budapest	Budapest Stock Exchange
Ireland	Dublin	The Irish Stock Exchange
Italy	Milan	Borsa Italiana S.p.A.
Luxembourg	Luxembourg	Societe de la Bourse de Luxembourg SA
Netherlands	Amsterdam	Euronext Amsterdam Effectenbeurs
Norway	Oslo	Oslo Bors
Poland	Warsaw	Gielda Papierow Wartosciowych
Portugal	Lisbon	Euronext Lisbon
Russia	Moscow	Russian Trading System/MICEX
Spain	Madrid	Mercado Continuo Espanol, Bolsa de Madrid
Sweden	Stockholm	Nordic Exchange in Stockholm
Switzerland	XSWX	The Swiss Exchange
	XVTX	Virt-X
USA	XNMS	Segment of the National Association of Securities Dealers, Inc (NASDAQ)
	XNYS	New York Stock Exchange
	XOTC	Segment of the National Association of Securities Dealers, Inc (NASDAQ)
	XASE	American Stock Exchange
Canada	Toronto	Toronto Stock Exchange
Australia	Sydney	Australian Stock Exchange Ltd.
China	Hong Kong	The Stock Exchange of Hong Kong, Ltd.
Japan	Tokyo	Tokyo Stock Exchange
New Zealand	Wellington	New Zealand Exchange Limited (NZSX)
South Africa	Johannesburg	The Johannesburg Stock Exchange

Futures and options exchanges:

Code or city	Name
ÖTOB (Vienna Stock Exchange)	Wiener Börse AG
EUREX	European Exchange
Liffe	Euronext.liffe (Amsterdam, Brussels, Lisbon, London, Paris)
CBOT	Chicago Board of Trade
CBOE	Chicago Board Options Exchange
CME	Chicago Mercantile Exchange

Orders for stock exchanges or products that are not listed here will be executed where possible. If execution is not possible, the customer will be informed immediately.

Abbreviations and definition of terms:

CBOT	Chicago Board of Trade
CBOE	Chicago Board Options Exchange
CME	Chicago Mercantile Exchange
EUREX	Name of the leading international futures and options exchange
EUWAX	Name of a trading segment of Stuttgart Stock Exchange focusing on derivatives
Liffe	London International Financial Futures and Options Exchange
ÖTOB	Österreichische Termin- und Optionenbörse
Xetra	Electronic trading system used (for example) at the Frankfurt Stock Exchange and the Vienna Stock Exchange

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