



ANNUAL QUALITATIVE REPORT

Report on the quality of execution obtained: Execution Venues 2019

Class of financial instruments: Equities - Shares & Depositary Receipts

Sub-class: All tick-size liquidity bands

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1. Introduction

The Markets in Financial Instruments Directive 2014/65/EU (the “MiFID II”) and the Commission Delegated Regulation (EU) 2017/565 (“CDR 2017/565”) as well as the Commission Delegated Regulation (EU) 2017/576 (RTS 28) introduced the requirements on the information which must be published to the market in relation to the best execution reporting requirements.

In this respect, RCB Bank Ltd (the “Bank”) has published this Report on the quality of execution obtained (the “Report”) which is based on summary of the analysis and monitoring of execution obtained on the Execution Venues where the Bank executed all Professional Client orders in the previous year. The aim is to provide the clients as well as the public at large with meaningful information in order to effectively assess and scrutinise the execution quality achieved during the year.

This Report follows the structure as detailed in the Article 3 of CDR 2017/565. This Report presents a combined analysis of the quality of execution obtained when the Bank is executing client orders with respect to Shares & Depositaries and is available on its website.

During the year 2019, the Bank did not transmit any orders for execution to third parties entities (Brokers) since all clients’ orders were executed through Execution Venues. In this respect, the “Top 5 Brokers” report as well as the “Quality of Execution obtained from Brokers” report are not required to be published on the Bank’s website.

2. Close Links, conflict of interest, common ownership

Amongst the Execution Venues used by the Bank during 2019 was:

- VTB Capital Plc (LEI 740G4PIVJ3TT4O5NSN12), the ultimate parent company of which is VTB Bank (PJSC).

VTB Bank (PJSC) holds 5.000.000 ordinary shares in RCB Bank Ltd, which represents the 46,29% of the Bank’s share capital.

Therefore, there is a link between the Bank and the abovementioned Execution Venue.

In 2019, the Bank has not recorded any conflicts of interest with the said Execution Venue used for execution of client orders in respect to any asset class and the objective execution factors under point 6 below applied equally to this Execution Venue.

There is no any close link, conflict of interest and common ownership in relation to the remaining Execution Venues.

Overall, the Bank continuously monitors its Execution Venues used in order to avoid any negative repercussions for its clients.

3. A description of specific arrangements with any Execution Venues regarding payments made or received, discounts, rebates or non-monetary benefits received

It is the Bank’s policy to not receive any monetary or non-monetary benefits (i.e. inducements) from third parties that are of a scale and nature which could impair its provision of services to its clients. In this respect, the Bank doesn’t have any specific arrangements with any Execution Venue regarding payments made or received discounts, rebates or non-monetary benefits received.

4. Changes in the list of Execution Venues used for execution of client orders

According to the provisions of the Bank’s Best Execution and Best Interest Policy, all trades executed on behalf of the clients, can only be executed using the selected Execution Venues stipulated in the Bank’s Policy, since such entities have passed the selection process.

No changes were occurred in 2019 in comparison to 2018. The list of the Execution Venues remains as published on the Bank’s website https://www.rcbcy.com/en/corporate-clients/investment-services/?sphrase_id=299882

5. Client categorization with respect to execution

All clients of the Bank are categorised as Professional Clients and there were not any differences in the order execution arrangements due to the client categorisation.

6. Execution Factors and relative importance

In general, the Bank will take into consideration various criteria when assessing the prioritization of execution factors.

Such criteria include, amongst others, the characteristics of each client order, client preferences, size of the order as well as market conditions.

Price

The most important factor for ensuring best execution was the price of the financial instrument unless the below mentioned factors and conditions significantly affected the likelihood of the execution.

Cost

Due to the fact that in 2019, the Bank executed the orders on OTC market, no any other costs apart from price were generally charged by or paid to the counterparties. When the counterparty additionally asked for some fees or commissions, such costs related to the execution were treated as the most important factor. However, in more illiquid markets, such factors may vary.

Speed, Likelihood of Execution and Size

Following price and cost, the Bank gave importance to speed, likelihood of execution and size.

The Bank sought to achieve prompt execution of the entire client orders when it was of the opinion that this would be the most favourable for the client.

Likelihood of execution would be of particular relevance if the financial instrument in question is illiquid or if the client limits the price of the order at a price that does not correspond to the prevailing market price.

Market conditions for the relevant financial instrument might cause the Bank to prioritise the likelihood of execution. The Bank might therefore decide to execute the client order at the Execution Venue(s) that have the necessary liquidity and depth of trading interests to ensure timely execution and the smallest possible effect on the price level.

In some cases, the Bank when received the smaller-than-average-size order assessed the readiness of the counterparties to execute such order and sought the best price among such “appropriate” counterparties.

Other relevant factors

While the Bank considers the abovementioned factors to be the predominant ones there might be situations where additional factors might influence the Bank’s strategy to obtain best execution and act in the best interest of its clients.

7. Data / tools used regarding quality of execution obtained

In 2019 the Bank did not use the output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. However, during 2019, the Bank used specific information providers when assessed the factors and conditions relating to the quality of execution. Specifically, the Bank checked the quality of the execution against the market data provided by BLOOMBERG FINANCE LP and Refinitiv Limited. The Bank also carefully assessed the information published by the venues in accordance with the RTS27.