



ANNUAL QUALITATIVE REPORT

Report on the quality of execution obtained: Execution Venues 2018

Class of financial instruments: Debt Instruments.

Sub-class: Bonds

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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 new 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 Debt Instruments (bonds) and is available on its website.

During the year 2018, 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 2018 were:

- VTB Capital Plc (LEI 740G4PIVJ3TT4O5NSN12), the ultimate parent company of which is VTB Bank (PJSC).
- VTB BANK PJSC (LEI 253400V1H6ART1UQ0N98)

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 Venues.

In 2018, the Bank has not recorded any conflicts of interest with the said Execution Venues used for execution of client orders in respect to any asset class.

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.

However, in 2018 the Bank recorded the following changes in respect with the Execution Venues used for executing client orders:

Name of Execution Venue	Include on the list (+) or Exclude from the list (-) mark	The main factors that led to change
SOVA Capital Limited	+	The company provides good quality of the execution where trade in some types of bonds.

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 takes 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, and market conditions.

Assurance is made that only Execution Venues who have undergone due diligence and can guarantee the following criteria can be contacted via trading platforms:

1. Financial reliability. Due to the fact that in 2018 the Bank executed all client order on OTC market the most important factor was the preapproved risk limit on operations with the Execution Venue (s).

If such factor was in place then likelihood of the execution should have been taken into account. Likelihood of execution would be of particular relevance if the Financial Instrument in question is illiquid. In such cases the Bank should have sought the counterparties ready to execute such orders with possible small impact on price.

2. When the aforementioned were checked and the possibility of the execution was confirmed the price was recognised as the most important execution factor.

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 Clients.

7. Data/tools used regarding quality of execution obtained

In 2018, the Bank did not use the output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU. However, during 2018, 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 Reuters Limited.

The Bank also uses the information published by Execution Venues under the requirements of the RTS27 when performs the analysis on best execution and the quality of execution obtained.