

Order execution Policy of Raiffeisen Bank S.A for Retail and Professional clients

The Order execution policy of Raiffeisen Bank S.A Clients („Execution policy”) sets the terms and conditions in which the Bank executes the orders/ responds to the request-for-quotes received from the Clients with the purpose to obtain the best possible result („Best execution”). The Execution Policy is drafted in accordance with the provisions of the EU Directive regarding markets in financial instruments (EU Directive 65/2014/EU, „MIFID II”) transposed via the Law 126/201058 regarding the markets of financial instruments and Regulation EU) 600/2014 regarding Markets in financial instruments and the local and European regulations issued in their application (provisions referred to herein as „MiFID II Legal package”) and reveals the way Raiffeisen Bank S.A. (the Bank) implements the best execution principal in executing the Clients orders / requests-for-quotes.

The Execution Policy for orders / requests-for-quotes regulates the execution of orders/offer of quotations to Clients for buying or selling derivative financial instruments, T-bills and bonds. The Order execution policy specifically contains the quality parameters defined by the Bank for assessing the response to the Clients’ orders/ request for quotes, as well as, for each type of financial instrument offered by the Bank, the execution venues where the orders/ request-for-quotes from the Clients are regularly executed/ responded by Raiffeisen Bank S.A.

The Execution Policy is an integral part of the terms and conditions the Bank provides the financial investment services, as provided in the agreement concluded with each Client. According to the provisions of the MiFID II Legal package, the Bank obtains the Clients’ consent regarding the present Execution Policy via the signature of the agreement related to the services provided. In case the Client disagrees with the present Execution Policy, the Clients shall inform the Bank in writing regarding his/her refusal to express his/her consent. In case the Client refuses to grant his/her consent in regard to the Execution Policy, the Bank may refuse to respond to the Clients’ orders / requests for quotes and unilaterally terminate the agreement concluded with the Client.

Any update to the **Order execution policy** shall be made available to the Client via the Bank’s website at <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/mifid/> while, at the express request from the Client, by delivery to the e-mail address of the Client or in a printed form within the Bank’s units. Unless otherwise stated, the amended version of the Order execution policy shall come into force effective the date of publication on the Bank’s website. Unless the Client notifies the Bank that he does not agree with the changes to the Execution Policy, they are accepted by the Client by further accessing the investment services and products offered by the Bank, based on the specific contract.

1. Definitions

Financial Instruments - instruments listed in Section C, Annex 1 of Law 126/2018 on markets in financial instruments.

Trading venue - means any of the following: regulated market (RM), multilateral trading facility (MTF) or organised trading facility (OTF).

Execution venues - means any of the following: trading venue (RM, MTF, OTF), systematic internalisers (SI), market makers, other liquidity providers and third country entities performing a similar function.

Systematic internaliser (SI) - means an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing Client orders outside a regulated market, multilateral trading facility or organized trading facility without operating a multilateral system; frequent and systematic nature shall be assessed by reference to the number

of OTC (Over-the-Counter) transactions carried out in the financial instrument by the investment firm on own account when executing client orders.

Over-the-counter transactions (OTC) - means all transactions that are not carried out at a trading venue.

Best Execution - all measures taken by the Bank that are sufficient to obtain the best possible result for its retail and professional Clients for the execution of their orders, considering the financial factors and instruments included in this Execution Policy.

MIFID Clients: clients classified from a MIFID perspective into one of the following categories: retail, professional or eligible counterparty, as defined in the MIFID II Procedure for the classification of clients according to the financial investment services offered by the Bank, code 11.13.1.01-35.

2. The applicability area of the Execution Policy

The Execution Policy applies to the Retail and Professional Clients, as defined within the MiFID II legal package, who benefits from at least one of the following financial investment services:

- Execution of orders in the Clients account;
- Receiving and transmitting of orders regarding one or more financial instruments;
- Receiving / trading based on requests for quotes (RFQ).

The present Execution Policy **does not apply to the Clients classified as eligible counterparties**, as defined within the MIFID II legal package. In case the present policy is delivered to such type of Clients, this will not compel the Bank but it is made for information purposes only.

The financial instruments subject to the present Execution Policy include:

- a) Money market instruments (investment products with up to 1 year maturity as T-bills);
- b) Securities consisting of government, municipal or corporate bonds;
- c) Derivative financial instruments with currency underlying;
- d) Undertaking collective investments in transferable securities: UCITS.

The financial instruments described above are traded as following:

- outside a trading venue (OTC over the counter) with the express consent of the Client, in return with retail and professional clients, for the financial instruments referred to in points a) and b);
- in a trading venue, such as SMT for financial instruments referred to in point c) in consideration with any type of client.

3. Best execution

The best execution will be ensured by taking all the necessary measures to achieve the best possible result for its Clients when the Bank responses to the Clients orders or request for quotes given the below mentioned factors and considerations.

In case the Client places an order-specific instruction, the Bank will execute the order / will respond to the request for quote in accordance with the instruction given. However, in doing so, the Bank may be forced to diverge from its Execution Policy to achieve the best possible result for its Clients.

The Bank warns its Clients that any specific instructions received may prevent it to observe the criteria established and implemented in its execution policy with the purpose to obtain the best possible result in executing the orders/ responding to their request for quotes.

Irrespective of any legal obligation, the Bank will maintain the high integrity and correctness standard when executing the Clients' orders/ responding to their request for quotes, to protect the Client's best interest.

The Client may request the Bank, in writing, to provide proofs regarding the execution of orders/responding to the request for quotes in compliance with the Execution Policy, the Bank having thus the obligation to provide such explanations to the Client via a letter or on the Client's latest e-mail address provided to the Bank when filling in the registration / data update forms.

4. Considerations for assuring the best execution

How the related execution factors are part of all sufficient measures to achieve the best possible result for the Client is described below.

In view of obtaining the best result in executing the Clients' orders or responding to their request for quotes (RFQs) the Bank will consider the price as the main factor the market price taking into account the probability of execution and settlement of the transaction, as well as the speed of execution under the conditions of accommodating trading fees and margins at an optimal level corresponding to the traded volumes - offering an optimal and non-discriminatory price to the client in relation to market prices at the time of trading. From the execution point of view, an order is assessed based on the market price which reflects the expectations and interest of the Client.

Regarding **the derivative trading instruments which are not traded on a regulated market**, we point out that the closing price or the rate of such a derivative contract depends, among others, by the credit rating of the customer (with impact on the credit value adjustment, CVA). Hence, the same financial product offered to two different customers with different CVA will have two different final prices. The same approach is valid also in case a Client addresses two different intermediaries asking for a quote for the same product, namely the CVA related to the Client will depend on the portfolio the Client has with each of the two intermediaries. As an example, if a new trade generates a reduced general risk of the portfolio held with an intermediary, but not upon his/her portfolio with the other intermediary, the CVA factor will be lower from the point of view of the first one.

Consequently, the best execution for derivatives in terms of price means the assessment of the net price paid by the Client including all specific costs for the respective Client, according to his/her credit risk assessment, his/her portfolio of such financial instruments held with the Bank, the level of collateral transferred by the Client (portfolio collateralization), etc.

For both Retail and Professional Clients, the assurance of the best result will be based exclusively on the fairness of the market price taking into account the probability of execution and settlement of the transaction, as well as the speed of execution.

5. Execution venues and intermediaries

The Bank does not access simultaneously all the execution venues where a specific financial instrument is traded. The Bank accesses for the execution of orders / offering quotes to Clients those trading venues for which a technical and economic analysis has been carried out, based on selection criteria including, but not limited to availability of the financial instruments, registration and maintenance costs as participant, technical accessing mechanisms, and number of participants to the trading of the financial instruments.

At the date of this policy, the Bank trades with its retail and/or professional clients, depending on its offer of financial instruments, as follows:

- outside a trading venue (OTC over the counter) in view of obtaining the best result for its Clients, based on the best execution policy and according to the contract signed by the Client;
- on the multilateral trading facility (MTS) operated by Bloomberg Trading Facility B.V. ("Bloomberg").

The Bank will take into consideration executing the Clients' orders / responding to a request for quote the level of prices available in the execution venue at the moment the Trading Department receives the order.

In order in terms of Client interest to consistently obtain best results on a high-quality level, when responding to Client orders and request-for-quotes, the Bank will provide prices, rates or quotes and execute orders, with priority, from its own books, regardless if a trade with a Client is executed via an execution venue or, exceptionally, over the counter.

In case a Client asked for the execution of an order relating to a specific financial instrument in such a way the Bank does not accommodate via its execution policy, the Bank assesses on a case-by-case basis if it may execute the order in accordance with the Clients instruction, without jeopardizing its own execution policy. If the Bank appreciates that the specific instruction may affect its execution policy and consequently the interests of its Clients, the Bank will notify the Client accordingly. In addition, the Bank will precisely decide whether it reserves the right to refuse such an order in the event of doubt as to the best possible execution of such an order.

You may request the Bank any additional information regarding its execution policy, its adopted provisions, and their method of revision, while the Bank will reply within a reasonable time so that you may act accordingly.

The Bank does not use the services of brokers or other intermediaries in respect to execution of Clients orders but only for proprietary trading.

6. Execution venues

The Bank may execute orders / provide quotations to the Client depending on the offer of financial instruments as follows:

(i) as an execution venue or Systematic Internaliser, with priority respecting this Execution Policy and the Commercial Policy of Raiffeisen Bank S.A. which can be consulted on the bank's website www.raiffeisen.ro in the section [despre-noi/guvernanta-corporativa/mifid](https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/mifid) link: <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/mifid/>;

- ii) within the trading venues referred to herein.

The Bank accesses for the execution of Client orders only those execution venues for which a technical and economic analysis has been carried out, based on selection criteria including, but not limited to: settlement systems used, trading application surveillance systems, validation of technical solutions used through disaster recovery plans, use of multiple trading channels.

Insofar as the Bank has the right to choose a place of execution over another place of execution, the selection of the place of execution shall be made by the Bank on the basis of the place offering the best price for the Client taking into account also the probability of execution and timely settlement of the transaction, as well as execution speed.

The Bank informs the Client about the place of execution by indicating the MIC code (market identification code) of the respective place of execution within the confirmation of execution of the transaction.

In case of execution of the derivative transaction on the Bloomberg Trading Facility Europe trading venue, the MIC code indicated in the transaction confirmation is BTFE (Bloomberg Trading Facility Europe).

In case of execution of the transactions in fixed income/ financial instruments/ money market financial instruments outside a trading venue by the Bank as SI, the MIC code indicated in the transaction confirmation shall be RRSI.

7. Placement and management of orders and or quotations

Request-for-quotes - RFQ

The Bank trades with its Clients mainly through the Request-for-Quote method (RFQ).

RFQ trading is a trading method whereby the Client can approach an intermediary or trading venue and ask for a price or quote for a particular financial instrument that the Client wishes to buy or sell.

An RFQ is always a price inquiry of a binding ("firm") by one participant to the other participant of the market.

The Bank will inform the Clients regarding the trading method for financial instruments and distinguishes via the present document, the fact that there is a difference between a purely non-binding price inquiry ("indicative request") and a request for quote (RFQ).

A non-binding price request is only for information purposes, whereby the Client is not interested in trading based on the value communicated to him.

The Bank will request the Client to express his/ her intention (to trade or not based on the quotation provided) when asking for a quote.

After receiving a request for quote from a Client, the personnel within the Capital market sales department will provide to the Client, as quickly as possible, a bid/ask price, the Client having the option to accept or reject the offered price. The time of response is related to the type of financial instrument the RFQ is placed in, the liquidity of the instrument and the size of the order.

Trading involves the Client's interaction with the bank on a registered phone or through trading platforms. The execution of the quote request may take place, depending on the quoted financial instrument, as follows:

- via Bloomberg trading venue SMT;
- outside a trading venue (OTC over the counter).

RFQ via a trading venue

The Client submits a price request using the technical means available by the venue. The Client will provide The Bank with all the information necessary for the pricing of that particular instrument.

The Client requests the Bank to provide a quote through one of the following means of communication: registered phone, chat or other communication channels agreed on a contractual basis. The Bank representative within the Sales Capital Market Department (CMSD) receives the price request and transmits a tradable (i.e. binding) price to the customer. The Client may either reject or accept the offer.

RFQ Outside a trading venue

The Client requests the Bank to provide a quote through one of the following means of communication: registered phone, chat or other communication channels agreed on a contractual basis. The Client shall transmit to the Bank all the information necessary for the provision of a price quotation by the Bank.

The responsible person from the Capital Markets Sales Department will send the Client the price for the requested transaction. The customer decides whether to accept the price offered.

The Bank informs the Client about the risks arising from the execution of orders outside a trading venue through the MIFID II presentation document which can be consulted on the bank's website www.raiffeisen.ro in the section [despre-noi/guvernanta-corporativa/mifid](#), link: **MiFID (raiffeisen.ro)** and, at the client's request, provides additional information on the consequences of these means of execution.

8. Execution of orders / quotations by classes of financial instruments

Fixed income financial instruments - Bonds

The Bank provides its Clients execution services based on RFQ for corporate bonds, municipal bonds, as well as local and foreign government bonds. For certain financial instruments, the Bank acts as primary dealer. The fixed income instruments are offered to types of Clients (business segments) as per the Bank's distribution strategy.

The Bank trades fixed income financial instruments outside trading venues based on the express consent of the Client in return for the Bank's own account, against its own account, Raiffeisen Bank International (RBI) A.G with headquarters in Austria, Vienna 1030, Am Stadtpark Street no 9 , MIC Code RBIV and LEI 9ZHRYM6F437SQJ6OUG95 (RBI or, in extraordinary circumstances, against a third party. For transactions with bond-type financial instruments issued by the Romanian Ministry of Public Finance on the foreign market Romania Government Bonds (ROMANI) quotes are offered by the Bank to its Clients using RBI as consideration for obtaining the quote and instruments, or in exceptional cases in consideration with a third party. The trades are executed on RFQ method.

The Client has the obligation to specify the exact quantity he/she submits a request for a quote.

The price is main factor considered in executing trades with fixed income financial instruments, regardless the Client classification (Retail or Professional) also considering the probability of timely execution and settlement of the transaction, as well as the speed of execution. Thus, regarding transactions with bonds and/or government securities executed outside a trading venue, the defining criterion considered by the Bank is the price, by comparing the execution price with the price of the same financial instrument traded on a trading venue or with the price of another financial instrument with characteristics like the initial instrument. This factor is considered on condition on accommodation of fees and/transaction margins charged to the Client at an optimum level correspondent to the traded volumes and the costs generated by the execution of transactions.

The Client may contact the Bank, in view of concluding trades with bonds, via Bloomberg, voice (recorded phone call), chat or the relationship manager of FWR/ Premium Invest Clients, while the transaction will be executed at the trading venue.

The factor considered for assessing the execution quality is the yield/price also considering the probability of execution and settlement of the transaction, and the speed of execution.

Money market financial instruments

Also, as an investment instrument, the Bank offers T-bills to its Clients. The Bank does not offer structured deposits.

The Client may contact the Bank, in view of concluding trades with bonds, via voice, chat or the relationship manager of FWR/ Premium Invest Clients, while the transaction will be executed outside a trading venue based on the express consent of the Client.

Money market financial instruments are distributed to types of Clients (business segments) as per the Bank's distribution strategy.

The factor for assessing the quality of execution is the price level, also taking into account the probability of execution and settlement of the transaction, as well as the speed of execution.

Derivative financial instruments with currency underlying

Within this category, the Bank trades with its Clients FX swap and FX forward instruments. The Bank does not offer exchange traded FX futures and FX options.

The Bank executes transactions with such financial instruments via MTF.

Out of a trading venue (OTC) the Clients may trade, via voice or platforms (Raiffeisen Electronic Trading), FX deliverable forward categorized as means of payments.

The trading model for such financial instruments is RFQ in return with the Bank regardless of the venue.

The price stands for the factor considered for assessing the execution quality with derivative financial instruments, irrespective of the type of Client. The time of response to an RFQ is related to the liquidity and the type of financial instrument the RFQ is placed in. The more complex the financial instrument and/or the lower liquidity of the instrument, the longer the time of response.

The costs charged to the Clients include the following elements:

- An adjustment cost (xVA) applicable to all non-exchangeable derivatives which includes:
 - a) - counterparty credit risks (CVA);
 - b) - funding costs (FVA) if the case;
 - c) - capital costs (KVA) if the case.
- Operational costs (including front and back-office costs, settlement, etc.)

The adjustment cost for counterparty credit risks differs for each Client in line with the Client' rating and the product portfolio held with the Bank.

Same operational costs apply to each Client.

Undertaking collective investments in transferable securities (UCITS)

The Bank does not offer its clients financial instruments such as fund units issued by local or foreign investment funds traded on a trading venue.

With regards to the distribution of UCITS issued by local and/or external open-ended investment funds, the Banks provides the service consisting of receiving orders from Clients and transmitting them for execution to management companies.

For local and external funds, the issuance and cancellation of fund units is not the responsibility of the Bank but is strictly under the responsibility of the Manager of those funds and is carried out according to its own detailed procedures in the prospectuses related to each investment fund.

Orders related to the service may be transmitted by the Client and his authorized representative by means made available by the Bank, depending on the customer segment to which the Client belongs and in accordance with the specific contract.

9. Incentives related to the order execution/ responding to RFQ

The Bank shall not charge any fees or commissions or receive any non-monetary benefit from any third party for executing orders from its clients at a specific execution venue or for transmitting client orders to any third party for execution at a specific execution venue ('payment for order flow')

By way of exception, rebates or reductions in transaction fees of execution venues shall be allowed where allowed under the approved and public pricing structure of a trading venue in the Union or a trading venue in a third country where they are for the exclusive benefit of the client. Such reductions or rebates shall not result in a monetary benefit to the investment firm.

10. The assessment of execution quality

The Bank has implemented specific mechanisms and processes for the financial instruments part of its offer, assuring thus that prices/ rates/ quotations provided to the Clients, both informative and firm quotations, are subject to **continuous monitoring** at the Bank level and which allows the Bank to check their fairness against the market quotations at the moment of execution.

The Bank monitors the correctness of the trade execution based on the periodic reports internally developed and / or in partnership with various data vendors. In this way, the Bank monitors and verifies that the best results have been obtained for its customers.

In executing Clients' orders/ request for quotes, the Bank benefit from the necessary IT (Information Technology) infrastructure, maintained and monitored by various IT departments within the Bank which are supervising the operational security and are providing maintenance services in view of transaction execution with assets cases offered by the Bank.

The Bank will review its Execution policy at least on a yearly basis and whenever there is a material change that affects the bank's ability to continue to obtain, on an ongoing basis, the best possible result for the execution of its clients' orders using the venues included in the execution policy.

11. Publication of Reports

Reporting of Top 5 execution venues

The Bank will make public, on a yearly basis, on its own website, the below mention information for Retail and Professional clients respectively, as per the legal provision to disclose the most important 5 execution venues ranked by trading volumes, considering all the orders / RFQs received from Clients per each type of financial instruments.

The information will be published separately for Retail and Professional clients. The reporting will not include information regarding the eligible counterparties.

The reporting will include information regarding the class of financial instruments, the name and identification of the execution venue, the volume of Clients' orders executed in the respective execution venue, disclosed as percentage of total executed volume, the number of Clients' orders executed in the respective execution venue, disclosed as percentage of total executed number, the percentage of passive and aggressive orders form total executed orders, the percentage of directed orders form total executed orders, the confirmation of average number of transactions per business day in the previous year.

The report will describe, for each class of financial instruments, a summary of the assessment of the execution quality and the conclusion reached because of the analysis.

Information regarding the most recent such data regarding the quality execution is available at: <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/mifid/>, section "Rapoarte."

Appendix 1 trading and type of orders

Class of financial instruments		Trading method/ Type of order	
		RFQ	Market /limit/ other types of orders
Debt instruments	Corporate bonds, municipal bonds, local and foreign government bonds	X	N/A
	Money market instruments (T-bills)	X	N/A
Derivatives instruments with currency underlying	FX Swap, FX FWDs	X	N/A
Fund Units *	FX Fund units issued by local and/or foreign investment funds, not traded on a trading venue	N/A	X

**only takeover and transmission for execution*

Appendix 2 - List of execution venues

The below list of execution venues shall contain the execution venues on which the Bank places significant confidence in order for it to fulfil its obligation to take all necessary measures to obtain, on a consistent basis, the best possible result for the execution of client orders. The execution venues will be used according to the provisions of this document, depending on the traded financial instrument.

Please be advised that this list of execution venues is not an exhaustive list, but includes those venues that the Bank considers to be of significant importance and applies to both retail and professional clients.

This list will be reviewed and updated in accordance with the Order Execution Policy. Bank reserves the right to use any other place of execution in addition to those listed herein as it deems appropriate in accordance with the Order Execution Policy. If the Bank will act as a place of execution, it will use available sources of information to ensure that the best possible results on the execution of the order are achieved.

Trading Venue	MIC code	Type of financial instrument	
		Local and foreign bonds/ Government bonds	Exchange rate derivatives: Swaps, FWDS
Bloomberg Trading Facility B.V.(“Bloomberg”), LEI <u>254900QBKK4WBSO3 GE51</u>	BTFE	N/A	X
Raiffeisen Bank S.A. (“Banca”) avand LEI <u>549300RFKNCOX56F8 591, as Systematic Internaliser</u>	RRSI	Only for sovereign bonds issued by the Romanian Ministry of Finance, issued on the domestic and foreign market.	n/a