

BEST EXECUTION POLICY ON THE FINANCIAL MARKETS

1. Introduction

This document is aimed at the customers and potential customers of UniCredit Bank and presents the orders execution policy, made in compliance with the provisions of Directive 2014/65/EC (MiFID II), transposed in the national legislation through the provisions of the Law no. 126/2018 on markets in financial instruments.

Through its Markets Department, UniCredit Bank offers prices to its clients according to inter-bank markets conditions.

2. Principles

The best execution policy in the financial markets is applicable to the execution of the orders of retail or professional clients of the Bank and/or to the receiving and transmitting client orders to third parties for execution of the purchase or sale of financial instruments in accordance with the provisions of the Law no. 126/2018 on markets in financial instruments. This Policy does not apply in relation to Eligible Counterparties.

According to the best execution policy, the Bank will take all sufficient steps to obtain the best possible result for its clients, on a consistent basis, taking into account the following execution factors:

- Price – this is the price at which a financial instrument is purchased/sold;
- Costs – this includes implicit costs such as the possible market impact, explicit external costs, e.g. exchange or clearing fees and explicit internal costs which represents the bank's own remuneration through commission or spread;
- Speed - time period it takes to execute a client transaction;
- Likelihood of execution – the likelihood that the bank will be able to completely execute a client transaction. In illiquid markets, the likelihood of execution will become a significant factor;
- Likelihood of settlement – the likelihood that the settlement of the transaction takes place at value date;
- Volume – this is the size of the transaction to be executed and may affect the price and the likelihood of execution;
- Nature of transaction and any other characteristics for the execution of the order – this is how the particular characteristics of a client transaction can affect how best execution is received (e.g. if an execution venue does not offer the transaction type the client requests).

3. Orders execution criteria

To ensure the best results for the client's transactions, according to the execution principles, UniCredit Bank considers the following criteria:

- The client's characteristics, including the client's classification in the retail or professional client categories;
- The characteristics of the client's transaction;
- The characteristics of the financial instruments that are the subject of the transaction;
- The characteristics of the trading venues used for getting the price for the client's transaction;

When executing an order of a retail client, best execution is determined in terms of total consideration. Total consideration is representing the price of the relevant financial instrument and the costs related to execution, which include all expenses incurred which are directly related to the execution of the

transaction such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the transaction.

Speed, likelihood of execution and settlement, the size and the nature of the transaction, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

For professional clients, the achievement of the best possible result is also influenced by the other execution factors mentioned previously, even if price and cost are generally the most important factors. Speed of execution is also taken into consideration as another important execution factor, followed by likelihood of settlement. The other execution factors mentioned rank behind these, and are weighted in the assessment as determined for the relevant asset class.

The bank takes into account the venues and intermediaries through the financial instrument in question are traded in significant volumes when selecting the relevant execution venues.

The bank will provide best execution either through execution on execution venue, against the books of the Bank (offering a fair price) or through a combination of both.

4. Exceptions to best execution policy:

The client may direct the Bank to depart from the best execution policy with respect to the above mentioned execution factors, for example by specifying the place of execution on which an order is to be executed, except for regulated markets, on which the Bank does not trade. In the case of such a client instruction, the Bank fulfills the obligation of best execution by executing the order accordingly.

The best execution policy is not applicable with respect to the client-specified execution factors. Orders issued in a discretionary or similar manner are also considered as instructions if no specific execution venue can be mentioned so that the Bank will execute such orders at its sole discretion but taking into account the client's best interest.

Important Note: The Bank will execute orders in accordance with the instructions received from the client and therefore cannot apply the best execution policy regarding the client-specified execution factors. Clients giving instructions on execution factors place any action at their own risk and will not be warned of this by the Bank in each individual case. Following the specific instructions of the client, the Bank has fulfilled its obligation to provide the best execution prices in relation to the relevant part of the transaction to which the specific instruction has been applied. The best execution policy is applicable in accordance with the criteria set out in this best execution policy to the remaining part of the order that is not covered by such instructions.

5. Trading venues / Brokers

The Best Execution Policy is to determine the best execution venue for every Client order. Pursuant to legal regulations, best execution venues can include a:

- a) the Bank's branches where UniCredit offers to its customers OTC products specific to FX Market, Money Market, Fixed Income Market and Structured Products. For derivative and T-Bonds/securities instruments, the Bank also offers to the Client the possibility to execute the orders against the Bank's proprietary account. The Bank executes the trades on these instruments against its proprietary account at a price agreed with the Client.
- b) regulated market;
- c) multilateral trading facility (MTF) and Organized Trading Facilities (OTFs);
- d) securities dealer performing systematic internalization;
- e) market maker or other liquidity provider, if it does not concern activities on a regulated market, in an MTF or for a securities dealer performing systematic internalization or
- f) foreign execution venue whose subject of activities is similar to that of any of the above execution venues.

The Bank does not receive any remuneration, reduction, or non-pecuniary benefit to direct client orders to a specific trading venue or venue that would violate the conflict of interest or incentives provisions.

Each execution venue shall make available to the public at least once a year and free of charge data on the quality of the transactions in that place. The periodic reports for the execution of these transactions include details of the price, costs, speed and probability of execution for each financial instrument.

The Bank will include information on each class of traded financial instruments regarding the execution venue where the Bank executes its clients' orders and the factors influencing the choice of the venue.

The Bank obtains express prior consent of clients before commencing the execution of their orders outside a trading venue. The Bank may obtain this consent either in the form of a general agreement or for certain transactions.

The financial instruments and the execution venues currently used by the Bank are listed at the Annex 1 of this Policy.

6. Monitoring and review

The best execution policy and procedures are permanently monitored to ensure the best results. The best execution procedures and policy are reviewed annually or any time an important modification occurs in the trading system and process.

ANNEX 1 – List of financial instruments and execution venues

Execution Venues	Financial Instruments
OTC (UniCredit Bank S.A against the its proprietary account)	FX Derivatives – FX Forward (including NDF) and FX Swap Interest Rates Derivatives Tbills/Bonds Commodities
MTFs: Bloomberg MTF (BMTF, BTFE), MTFs operated by brokers	Bonds, FX Derivatives
OTFs: ICAP, BGC Brokers, GFI Securities Nyon etc.	Bonds, FX Derivatives