

Information on the actual execution quality

(for the period from 1 January 2023 to 31 December 2023)

General information

Joint Stock Company "Rietumu Banka" (here referred to as Bank) provides information on the approach used in identifying and assessing the execution quality achieved in the manner prescribed specifically to deliver the best execution result when executing orders on behalf of Bank's client.

The information is published in accordance with Article 3 (3) of Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (here referred to as RTS).

The information provides the general notes on the actual execution quality achieved across all asset classes. Where a differing quality is achieved in respect of a specific asset class, the fact will be clearly emphasized to ensure that the quality assessment is applied and disclosed in relation to the respective asset class. Please take also into account that Bank provides both order-execution service and order-direction service.

The information on the actual execution quality is prepared and published in accordance with the *Excerpt from Client Categorisation, Appropriateness Assessment and Order Execution Policy* (available for viewing at www.rietumu.com).

RTS 28 Execution quality reporting

All asset classes

Unless stated otherwise, the following information relates to all asset classes included in RTS 28 Top 5 Execution Venues Reports and Top 5 Brokers Reports.

A full list of all asset classes executed/received and transmitted by the Bank in 2023 can be found on *RTS 28 Execution quality reporting additional explanations* section.

EXPLANATION/DESCRIPTION OF ASSESSMENT CRITERIA	ASSESSMENT OF THE QUALITY OF CRITERIA IMPLEMENTATION
<p>ORDER EXECUTION FACTORS:</p> <ul style="list-style-type: none"> - PRICE, - COSTS, - SPEED, - LIKELIHOOD OF EXECUTION OR ANY OTHER CONSIDERATION INCLUDING QUALITATIVE FACTORS WHEN ASSESSING THE QUALITY OF EXECUTION 	<p>The below execution factors are considered when determining the best result:</p> <ul style="list-style-type: none"> - price - this is the price a financial instrument is executed at; - 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; - likelihood of execution or settlement the likelihood that we will be able to complete a client transaction - speed of execution - time it takes to execute a client transaction including settlement; - size of the order - this is the size of the transaction executed for a Client accounting for how this affects the price of execution; - nature of the transaction or any other consideration relevant to the execution of the transaction - this is how the particular characteristics of a client transaction can affect how Best Execution is received
<p>RELATIVE IMPORTANCE THE BANK GAVE TO THE EXECUTION FACTORS OF PRICE, COSTS, SPEED, LIKELIHOOD OF EXECUTION OR ANY OTHER CONSIDERATION INCLUDING QUALITATIVE FACTORS WHEN MAKING ASSESSMENTS OF THE QUALITY OF EXECUTION</p>	<p>For Retail Clients, MiFID II requires that the best possible result be determined in terms of the "total consideration". The Total Consideration is composed of the execution price of the financial instrument and of all costs directly related to its execution. The cost of a transaction includes brokerage, clearing and exchange fees, as well as settlement costs and other third-party fees. The Bank applies the same Best Execution framework and standards for all types of clients (i. e., no separate Best Execution rules are applied for Retail Clients, Professional Clients or Eligible Counterparties). Having set price and costs as primary execution factors, Bank has also established a monitoring framework focusing on Total Consideration of execution to evaluate the Execution Quality obtained</p>
<p>ANY CLOSE LINKS, CONFLICTS OF INTERESTS, AND COMMON OWNERSHIPS WITH RESPECT TO ANY EXECUTION VENUES USED TO EXECUTE</p>	<p>The Bank does not have close links, conflicts of interest and common ownership with respect to any execution venues used to execute client orders</p>
<p>ANY SPECIFIC ARRANGEMENTS WITH ANY EXECUTION VENUES REGARDING PAYMENTS MADE OR RECEIVED, DISCOUNTS, REBATES OR NON-MONETARY BENEFITS RECEIVED</p>	<p>The Bank does not have any specific arrangements with any execution venues regarding payments made or received, discounts or non-monetary benefits received</p>

EXPLANATION/DESCRIPTION OF ASSESSMENT CRITERIA	ASSESSMENT OF THE QUALITY OF CRITERIA IMPLEMENTATION
THE FACTORS THAT LED TO A CHANGE IN THE LIST OF EXECUTION VENUES LISTED IN THE BANK'S EXECUTION POLICY, IF SUCH A CHANGE OCCURRED	The Bank annually updates the lists of execution venues. In 2023, there were no significant changes in venues listed in the Bank's execution policy, the changes were related to the termination of legal relations and the establishment of new legal relations with counterparties
HOW ORDER EXECUTION DIFFERS ACCORDING TO CLIENT CATEGORIZATION, WHERE THE BANK TREATS SUCH CATEGORY OF CLIENT DIFFERENTLY AND WHERE IT MAY AFFECT ORDER EXECUTION ARRANGEMENTS	The Bank does not make a difference in treating orders from Retail and Professional Clients. The total consideration is the primary execution factor considered when selecting intermediaries or execution venues
WHEN OTHER CRITERIA WERE GIVEN PRECEDENCE OVER IMMEDIATE PRICE AND COST WHEN EXECUTING RETAIL CLIENT ORDERS AND HOW THESE OTHER CRITERIA WERE INSTRUMENTAL IN DELIVERING THE BEST POSSIBLE RESULT IN TERMS OF THE TOTAL CONSIDERATION TO THE CLIENT	Across all asset classes, immediate Price and Costs (Total Consideration) prevails for Retail and Professional Client orders. However, there may be circumstances where the primary execution factors vary and the price is no longer the dominant execution factor; for example, for transactions in illiquid securities, likelihood of execution and market impact become more important. Or when Bank hands the client's order for execution to a third party, the Bank takes all reasonable steps to comply with the principle of the best execution, taking into account the execution factors, but does not guarantee the best execution for each thus executed order
HOW THE BANK HAS USED ANY DATA OR TOOLS RELATING TO THE QUALITY OF EXECUTION, INCLUDING ANY DATA PUBLISHED UNDER DELEGATED REGULATION (EU) 2017/575	The Bank primarily relies on Transaction Costs Analysis (TCA) data to continuously measure the quality of execution provided by Execution Venues and Brokers while executing orders on behalf of any client
HOW THE BANK HAS USED, IF APPLICABLE, OUTPUT OF A CONSOLIDATED TAPE PROVIDER ESTABLISHED UNDER ARTICLE 65 OF DIRECTIVE 2014/65/EU	The Bank has not used the data provided by the consolidated tape provider

RTS 28 Execution quality reporting additional explanations

During 2023, Bank executed or received and transmitted orders on behalf of clients in the following financial instrument classes, where Bank has implemented a governance framework to monitor, on an ongoing basis, the effectiveness of the execution of orders. As a result, it is concluded:

EQUITIES - SHARES AND DEPOSITARY RECEIPTS	The Bank, if has direct access to the exchange, executes order directly on this trading venue. Otherwise, the Bank transmits the order for execution through counterparty which provides direct trading access to the trading venue. In cases where the Bank acts as a principal in the risk price transaction and thus assumes the risk regarding the transaction it has concluded with the client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obligated to comply with the principle of best execution in relation to the client
DEBT INSTRUMENTS	The Bank verifies the objectivity of the price offered to the client, summarizing the market data used in the estimate of the product's price. Executing the client's limit order about bonds or other debt securities, the Bank executes the order, if it is possible, within the expiration term of the order for the price provided in the order or for a better price. In order to provide clients with information on the execution of the transaction, the Bank maintains all information on the entire progress of the execution of the order. In cases where the Bank acts as a principal in the risk price transaction and thus assumes the risk regarding the transaction it has concluded with the client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obligated to comply with the principle of best execution in relation to the client
CURRENCY, EQUITY, COMMODITIES DERIVATIVES: FUTURES AND OPTIONS ADMITTED TO TRADING ON A TRADING VENUE, OTHER DERIVATIVES, FORWARDS	The Bank transmits the order on Futures and options admitted to trading on a trading venue and Other Derivatives for execution through counterparty which provides direct trading access to the trading venue. In forwards transactions Bank acts as principal. Transactions are structured considering the individual requirements of the client to satisfy the client's specific request for a specific transaction amount, currency pair and payment date. Considering that a specific individual request mainly does not have a single offer in the currency market, the Bank determines the price of a specific transaction, and the client can decide whether or not to conclude a transaction for the price offered by the Bank
STRUCTURED FINANCE INSTRUMENTS	The Bank verifies the objectivity of the price offered to the client, summarizing the market data used in the estimate of the product's price, and, if possible, comparing with similar or comparable products. Executing the client's limit order about bonds or other debt securities, the Bank executes the order, if it is possible, within the expiration term of the order for the price provided in the order or for a better price. In order to provide clients with information on the execution of the transaction, the Bank maintains all information on the entire progress of the execution of the order
SECURITIZED DERIVATIVES	The Bank transmits the order for execution through counterparty which provides direct trading access to the trading venue
FOREX (CONTRACTS FOR DIFFERENCE (CFD))	Bank transmits Forex (CFD) transactions for execution through counterparty which provides access to the trading venue
EXCHANGE TRADED PRODUCTS	The Bank transmits the order for execution through counterparty which provides direct trading access to the trading venue
OTHER INSTRUMENTS	The Bank transmits the order for execution through counterparty which provides direct trading access to the trading venue
SECURITIES FINANCING TRANSACTION (SFT) (COMMODITIES BORROWING, BUY-SELL BACK TRANSACTIONS OR SELL-BUY BACK TRANSACTIONS, MARGIN LENDING TRANSACTIONS)	SFT transaction is the margin loan. These transactions do not imply a transfer of ownership. The margin loan is granted in the framework of the Terms and Conditions of JSC "Rietumu Banka" and Client Agreement