

THE IDENTITY OF THE TOP FIVE EXECUTION VENUES IN TERMS OF TRADING VOLUMES WHERE BANK EXECUTED CLIENT ORDERS

Riga, 30 April 2019

In accordance with *DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU* (the MiFID II Directive) and *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*, JSC „Baltic International Bank” (Bank) has prepared a summary of the analysis and conclusions drawn by Bank from its detailed monitoring of the quality of execution obtained on the execution venues and information on the top five execution venues where Bank executed client orders.

SUMMARY OF THE ANALYSIS AND CONCLUSIONS DRAWN BY BANK FROM ITS DETAILED MONITORING OF THE QUALITY OF EXECUTION OBTAINED ON THE EXECUTION VENUES

- a) When assessing the quality of execution, Bank assigns the relative importance to the execution factors of price, costs, speed, likelihood of execution, or any other consideration including qualitative factors, in the manner prescribed by the Client Order Execution Policy (transactions in financial instruments). The Policy provides, among other things, as follows: when executing a Retail Client Order, Bank normally delivers the best possible result in terms of the total consideration, representing the price of the Financial instruments and the costs related to execution, including all expenses incurred by Client while in legal relationship with Bank and directly related to the execution of the Order, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in Order execution. However, in certain instances, depending on the nature of a particular Financial Instrument or Execution Venue-related features, Bank may attach greater importance to other execution factors, (at individual or aggregate level) in a given situation, by providing the rationale for the achievement of the best possible result and adherence to the Policy upon Client’s request. For example, under liquidity constraints, or where there is no access to previously used execution venue, Bank may regard the likelihood of execution *per se* (as such) as the decisive/key factor.
- b) Bank does not have any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; Bank manages potential conflicts of interests, which can emerge when executing Client Orders in the execution venues, in the manner prescribed by the Prevention of Conflict of Interest Policy (with reference to investment services).
- c) Bank does not receive from the execution venues any payments, discounts, rebates or non-monetary benefits, except any specific arrangements when a fee, commission or non-monetary benefit is considered to be designed to enhance the quality of the relevant service to the Client, or if a fee, commission or non-monetary benefit does not impair Bank’s duty to act honestly, fairly and professionally in accordance with the best interests of the Client. Bank makes payments in favour of the execution venues accordance with the fee schedule of the respective execution venue.
- d) Bank provides the following explanation of the factors that led to a change on the list of execution venues listed in Bank’s Client Order Execution Policy (transactions in financial instruments). Bank implemented requirements of MiFID II; Bank updated and expanded the list of execution venues because Bank’s counterparties ensured access to a broader spectrum of the execution venues; Bank also made changes in its list of counterparties

in connection with the termination of legal relationship with the existing of counterparties and establishment of legal relationship with the new counterparties.

- e) Execution of client orders by Bank differs according to client categorisation. Bank's Client Order Execution Policy (transactions in financial instruments) provides as follows: when executing a Retail Client Order, Bank normally delivers the best possible result in terms of the total consideration, representing the price of the Financial instruments and the costs related to execution, including all expenses incurred by Client while in legal relationship with Bank and directly related to the execution of the Order, such as Execution Venue fees, clearing and settlement fees, and any other fees paid to third parties involved in Order execution. However, in certain instances, depending on the nature of a particular Financial Instrument or Execution Venue-related features, Bank may attach greater importance to other execution factors (at individual or aggregate level) in a given situation, by providing the rationale for the achievement of the best possible result and adherence to the Policy upon Client's request. For example, under liquidity constraints, or where there is no access to previously used Execution Venue, Bank may regard the likelihood of execution *per se* (as such) as the decisive/key factor. To provide the best possible execution for Professional Clients, Bank takes into account the following significant aspects, such as ease and speed of execution, transaction size, likelihood of execution and settlement and nature of the transaction. The price of the Financial Instruments and execution-related costs are not regarded as priority factors.
- f) When executing Orders of Retail Clients, in certain circumstances, depending on the nature of a particular Financial Instrument or Execution Venue-related features, and in the manner prescribed by the Client Order Execution Policy (transactions in financial instruments), Bank may give other execution criteria precedence over immediate price and cost, by providing the rationale for the achievement of the best possible result and adherence to the Policy upon Client's request. For example, under liquidity constraints, or where there is no access to previously used Execution Venue, Bank may regard the likelihood of execution *per se* (as such) as the decisive/key factor. In such circumstances, the other criteria that had been given precedence over immediate price and cost proved instrumental in delivering the best possible result in terms of the total consideration to the Client. Giving priority to factors such as prices and costs would make the result impossible to achieve.
- g) Bank has not used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575.
- h) Bank has not used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

MiFID II RTS 28 Report - Reception and Transmission of Orders Top 5 Brokers Baltic International Bank - 2018

Class of Instrument	Equities – Shares, Depository Receipts, <i>ETF</i> 's – Private Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
SAXO BANK A/S - 549300TL5406IC1XKD09	82.86%	83.98%	74.76%	92.44%	0
RAIFFEISEN BANK INTERNATIONAL AG - 9ZHRYM6F437SQJ6OUG95	5.02%	8.01%	8.97%	0.35%	0
IBP Markets LTD - 213800Y7WLJILTZZ5I67	10.68%	5.08%	15.95%	4.45%	0
ATONLINE LIMITED - 213800PZWYFKIOAGQY35	0.02%	1.69%	0.00%	0.02%	0
Baltic International Bank, AS - 213800U3Y2TMRMKLNE90	0.01%	0.05%	0.00%	0.03%	0

Class of Instrument	Equities – Shares, Depository Receipts, <i>ETF</i> 's – Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
SAXO BANK A/S - 549300TL5406IC1XKD09	3.22%	83.33%	69.58%	95.19%	0
RAIFFEISEN BANK INTERNATIONAL AG - 9ZHRYM6F437SQJ6OUG95	0.63%	10.00%	27.13%	0.00%	0
Blueorange Bank, AS - 54930080G2M7EJ097A27	0.16%	4.81%	3.29%	4.81%	0

Class of Instrument	Equities – Shares, Depository Receipts, <i>ETF's</i> – Private Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution exchanges ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
National Association of Securities	80.30%	63.94%	72.61%	89.39%	0
American Stock Exchange (AMEX)	1.41%	16.02%	1.22%	1.64%	0
Deutsche Börse Xetra	0.15%	0.15%	0.28%	0.00%	0
LONDON STOCK EXCHANGE	0.80%	1.69%	1.05%	0.51%	0
SIX SWISS EXCHANGE AG	0.02%	0.02%	0.03%	0.00%	0

Class of Instrument	Equities – Shares, Depository Receipts, <i>ETF's</i> – Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution exchanges ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
National Association of Securities	80.28%	83.33%	69.58%	95.19%	0
LONDON STOCK EXCHANGE	10.51%	6.67%	18.07%	0.00%	0
NYSE EURONEXT - EURONEXT PARIS	3.92%	6.67%	3.29%	4.81%	0
NASDAQ/NMS (GLOBAL MARKET)	5.28%	3.33%	9.07%	0.00%	0

Class of Instrument	Fixed Income Securities - Private Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
IBP Markets LTD - 213800Y7WLJILTZZ5I67	36.11%	41.53%	35.92%	36.18%	0.00%
BANCA ZARATTINI AND CO. SA - 213800INM3OFHF9QS122	35.30%	30.60%	8.56%	45.79%	0.00%
RENAISSANCE SECURITIES (CYPRUS) LTD - IK9CLH4U15AXJVV22968	9.95%	6.56%	17.10%	7.14%	100.00%
CITADELE BANKA, AS - 2138009Y59EAR7H1UO97	0.72%	2.73%	2.57%	0.00%	0.00%
Amstel Securities N.V. - 2138002EVRD5TWEC3X33	4.37%	2.73%	14.52%	0.39%	0.00%

Class of Instrument	Fixed Income Securities - Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BANCA ZARATTINI AND CO. SA - 213800INM3OFHF9QS122	53.38%	55.00%	92.20%	48.73%	0.00%
IBP Markets LTD - 213800Y7WLJILTZZ5I67	20.28%	20.00%	0.00%	22.72%	0.00%
Amstel Securities N.V. - 2138002EVRD5TWEC3X33	9.52%	8.50%	0.00%	9.52%	0.00%
RENAISSANCE SECURITIES (CYPRUS) LTD - IK9CLH4U15AXJVV22968	9.45%	5.00%	0.00%	10.59%	0.00%

RENAISSANCE CAPITAL - 213800RZ3GCUXMBGYN59	7.55%	5.00%	0.00%	8.45%	0.00%
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Currency derivatives: swaps, forwards - Private Clients					
Class of Instrument					
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Baltic International Bank, AS - 213800U3Y2TMRMKLNE90	100.0%	100.0%			

Currency derivatives: swaps, forwards - Professional Clients					
Class of Instrument					
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Baltic International Bank, AS - 213800U3Y2TMRMKLNE90	100.0%	100.0%			

Class of Instrument	Equity Derivatives – Options, CFD’s - Private Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
SAXO BANK A/S - 549300TL5406IC1XKD09	100.0%	100.0%			

Class of Instrument	Equity Derivatives – Options, CFD’s - Professional Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
SAXO BANK A/S - 549300TL5406IC1XKD09	100.0%	100.0%			

Class of Instrument	Other exchange traded derivatives equity derivatives, options, futures - Private Clients				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution brokers ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
SAXO BANK A/S - 549300TL5406IC1XKD09	100.0%	100.0%			

Class of Instrument	Other exchange traded derivatives equity derivatives, options, futures - Professional Clients				
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SAXO BANK A/S - 549300TL5406IC1XKD09	100.0%	100.0%			