

## INFORMATION IN ACCORDANCE WITH MIFID II DIRECTIVE 2014/65 EU AND DELEGATED REGULATION (EU) 2017/576 (RTS 28)

Report for the period 01.01.2019 – 31.12.2019

UniCredit Bank AG (Bank) in its role as investment firm is obligated in accordance with Article 3 (3) RTS 28 to publish for each class of financial instruments a summary of the analyses and conclusions it has drawn from the detailed monitoring of the quality of execution obtained on the execution venues where it has executed all client orders in the previous calendar year.

In this report, valid for the calendar year of 2019, the Bank will only comment facts that have been relevant for 2019.

The »Basic Principles For Execution Of Securities« (Best Execution Policy) was amended as follows as of August 2019:

- Adjustments to the execution principles concerning the separation of investor fees
- For professional clients, the differences have been made more explicit in the wording
- Names of financial instruments were adapted to the categorisation in RTS 28 Annex I

The Bank has categorised the financial instruments into two main groups, namely:

- a) Securities
- b) Non-securitized financial instruments (incl. exchange-traded derivatives)

Only in terms of **securities**, the Bank offered execution service in accordance with Best Execution Policy. Thus, the dynamic procedure for identifying the best execution venue was applied for most of the securities categories in 2019. Solely for two of the securities categories, **investment certificates** and **foreign currency bonds**, the static execution model was applied, in accordance with the Best Execution Policy.

Based upon regular checks and analyses, the Bank verified that the underlying logic led to the best execution for our customers and that all published rules of the Best Execution Policy were followed in order to determine the best execution venue. For the purpose of regular checks, the Bank used both, real-time market data of all trading venues the Bank is connected to and regularly published reports according to MiFID II Directive 2014/65/EU and Delegated Regulation (EU) 2017/575 (RTS 27) of all trading venues the Bank is connected to, plus those of potential trading venues that were to be considered, but not connected in 2019. On basis of the results, no need for adaption was identified.

In the following, a detailed discussion of all facts required by the regulation is given:

### a) Securities

There are no special arrangements in place with execution venues used regarding payments made or received. Additionally, we confirm that we do not receive any discounts, rebates or non-monetary benefits from execution venues we use for execution of client orders. The Bank only pays for regular services, obtained from execution venues, as outlined in respective fee schedules of the execution venues.

Besides, there is no closer connection and/or shareholding relationship with any of the trading venues. The Bank is also not aware of any conflicts of interest. In particular, no such conflicts of interest arise from potential Supervisory Board mandates that members of the Bank's Management Board may hold at trading venues and which are published in the current Annual Report.

Regarding dynamic execution regulations, the Bank provides trading against the Bank's own book as alternative trading venue for certain products. Underlying functions and processes are working independently, since they are separated by Chinese

Walls inside the company. There are no conflicts of interest that could disadvantage clients in any way.

In case of executing an order of a retail client, the best possible outcome is measured by total charge, while total charge consists of the product price and the execution fee. The execution fee again, comprises all charges incurred in the process of execution, meaning fees of the trading venue, clearing and processing fees, and other fees, like payments to third parties that are involved in the process of execution. Since the best possible result for the retail client means the best possible outcome in terms of total charge, components like speed of execution, likelihood of execution and settlement, scope and type of order, market impact and other implicit transaction costs are only to be prioritized when they are benefiting the overall result.

For professional clients, the determination of the best possible execution venue is also defined by determining the total charge.

There was no dynamic selection of trading venues offered for the categories of foreign currency bonds and investment certificates in 2019. Therefore, no dedicated report for these instruments is indicated.

When the adapted Best Execution Policy was introduced in August 2019, the Bank added Tradegate to the list of connected markets as a new trading venue. However, this is currently not intended to be used for the dynamic determination of the best execution venue.

The Bank confirms that no consolidated data ticker services were taken up, according to MiFID II Directive, Article 65, in relation to verifying the best execution monitoring activity.

### b) Non-Securitized financial instruments (cf. 2.9 execution regulations)

For these types of financial instruments, the Bank offers exclusively execution against its own books on an individual bilateral contractual basis with no transfer of such orders to third parties in the absence of any alternative execution venue. Thus, the reporting obligations as defined in RTS 28 Article 3 (3) are not relevant.

With regards to the class of financial instruments laid down in Annex I of the RTS 28 the following instrument classes are affected:

- Interest Rate Derivatives
- Credit Derivatives
- Currency Derivatives
- Equity Derivatives
- Commodity Derivatives and Emission Allowances Derivatives

Non-securitized financial instruments are partly traded on exchanges. As outlined in the Best Execution Policy, the Bank requests its clients to indicate a dedicated execution venue for execution of the order. Therefore, the information obligations as defined in RTS 28 Article 3 (3) are not relevant since best execution principles are not applicable.

With regards to the class of financial instruments laid down in Annex I of the RTS 28 the following instrument classes are affected:

- Interest Rate Derivatives
- Credit Derivatives
- Currency Derivatives
- Equity Derivatives
- Commodity Derivatives and Emission Allowances Derivatives

Munich, April 2020