

QUALITY OF EXECUTION REPORT - YEAR 2023

DEFINITIONS

The capitalised Terms defined herein and in the Transaction Reporting listing the 5 top venues of execution used by the Bank shall have the following meaning:

“Aggressive Order” means an Order that takes liquidity from the market; by definition Market Orders without any price a limit are Aggressive Orders.

“Approved Counterparty” means a financial legal entity approved by the management of the Bank to become a trading counterparty for dealing in Financial Instruments.

“Best Execution” means achieving the best possible result for Clients when executing their orders via Execution Venues or OTC.

“BPER S.A.” or the **“Bank”** means BPER Bank Luxembourg S.A. a Luxembourg Bank with registered office at 30 Boulevard Royal. L-2449 Luxembourg and part of BPER Banca Spa banking Group.

“Client” or **“Customer”** means any natural or legal person to whom the Bank offers investment services.

“Dealer” is a Treasury employee authorized to accept and execute Orders.

“Deal Folder” means a storage for Orders and related transaction materials organized by the Banking Operations department.

“Execution Venue” or **“Venue”** means a Regulated Market, a MTF, an OTF, a Systematic Internalizer, or a market maker or other liquidity provider or an entity that performs a similar function either in the European Union or in a third country.

“Financial Instruments” means products to which as per MIFID the Best Execution rules apply, including stocks, bonds mutual funds, exchange traded funds (“ETFs”), exchange traded notes (“ETNs”) futures, options, certificates, warrants and.

“MiFID Directive” refers to the 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

“Multilateral Trading Facility” or **“MTF”** means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with Title II of Directive 2014/65/EU. 'Non-discretionary rules' means that the investment firm operating an MTF has no discretion as to how interests may interact.

“Organized Trading Facility” or **“OTF”** means a multilateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, 5 emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of Directive 2014/65/EU.

“Order” means an instruction given by a Client to the Bank to execute a transaction in Financial Instruments.

“Over the Counter” or **“OTC”** means the execution of Financial Instruments outside a Trading Venue.

“Passive Order” means an Order that provides liquidity to the market; by definition Limit Orders are Passive Orders.

“Primary Market” is the part of the capital market that deals with issuing new securities. In particular but not limited to the new issue of bonds, shares and structured products as well as the subscription and redemption of funds.

“Regulated Market” means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments.

“Systematic Internalizer” means an investment firm which, on an organized, frequent, systematic and substantial basis, deals on own account when executing Orders outside a Regulated Market, an MTF or an OTF without operating a multilateral system.

PREMISE

One of the objectives of the MiFID Directive is to favor the growth of the European financial system, allowing the competition between regulated markets, multilateral trading systems (MTF) and authorized intermediaries within harmonized rules that guarantee efficiency and integrity of financial markets and transparency and investor protection.

In this context, in order to meet the needs of the Customers, BPER S.A. has adopted an operating system that allows - either directly or through negotiating intermediaries - access to the main execution Venues of the Financial Instruments most frequently traded by its Customers, providing added value services, which guarantee high quality standards by looking for the Best Execution of orders based on market conditions. Where it is not possible to trade in an execution Venue, BPER S.A. has selected a number of counterparties among the biggest and well capitalized in the market in order to be able to properly serve the clients via OTC transactions.

During the year 2023, BPER S.A. thus continued to apply its well-tested trading processes and there were no instances of unpermitted practices that occurred during the period.

It is worth noting that BPER S.A.

- may not direct orders to brokers in return for any gifts or entertainment;
- may not direct orders to brokers if any conflict of interests exists and which can't be mitigated;
- may not receive any remuneration, discount or non-monetary benefit for routing Clients orders to broker or Execution Venues which would infringe the requirements on conflict of interest or inducements.

The Compliance Function of BPER S.A. has monitored the activity and confirm that BPER S.A. promptly executed Client orders in the same sequence that they were received either be in an execution Venues or OTC.

Specifically in 2023 BPER S.A. the Compliance Function continued to monitor the execution of orders using the register of orders and the claim register by analyzing:

1. the type of execution Venues used;
2. the type of counterparties used;
3. the concentration of orders on those counterparties and Venues;
4. the mix between the use of Venues and OTC transactions;
5. The number of orders;
6. The unexecuted orders;
7. The list of claims (if any).

Through the analyzes carried out, the Compliance Function has confirmed that the mix of counterparties and Venues used during the year 2023, among which the MTF of Bloomberg and other major players of the market, allowed the bank to satisfy all the requests of the clients to which the Bank provided the *Reception and Transmission of Orders* (“RTO”) service and no issues or claims of any sort have been registered on the quality of execution.

BEST EXECUTION REQUIREMENTS

In accordance with the MiFID Directive, the Bank executing orders on Financial Instruments on behalf of their Clients must take the necessary actions to obtain the best possible result (so called Best Execution).

The Best Execution applies without distinction to all Financial Instruments distributed by the Bank, whether they are listed on regulated markets or not, regardless of the place of trading (regulated markets, multilateral trading systems, Systematic Internalisers or Over the Counter), with reference to the services of execution of order, receiving and transmitting orders and managing portfolios.

In determining the strategy of transmission and execution of orders, the Bank must take into consideration the following factors:

- price of the Financial Instrument and execution costs;
- speed of execution;
- likelihood of execution and settlement;
- order size;
- nature of the order;
- any other circumstance which, in the Bank's opinion, is relevant to the execution of a particular order.

The Bank attributes a specific order of importance to each of the aforementioned factors for each category of Financial Instruments and for each type of Customers and, on the basis of this, selects Execution Venues, and / or negotiating intermediaries to be used to guarantee the long-term achievement of the best possible result for the execution of orders.

Where a Financial Instrument is traded on multiple Execution Venues and/or may be executed via multiple Approved Counterparties, the Bank will consider having the trade executed on the market where liquidity is highest, considering that this is the most appropriate option for the Client regarding the most advantageous execution in terms of price, execution speed and probability of settlement.

The Compliance Function of BPER S.A. has monitored the compliance of BPER S.A. with the best execution requirements described above and has confirmed that BPER S.A. executed Client orders in accordance to the requirements and no major issues have been identified in this regards or claims were raised by the clients.

RECEIVING AND ORDERS TRANSMISSION ACTIVITIES

BPER S.A. has carried out an analysis between the services and the costs offered by various intermediaries. This analysis was carried out with the aim of defining the reference traders to be used for an order transmission and execution outside trading venues aimed at ensuring the best possible execution of the orders of its Customers, taking into account the nature of the orders themselves, the Execution Venues, the negotiating intermediaries the Bank has access to and the types of Financial Instruments, of which this document constitutes an informative summary.

In particular BPER S.A., has taken into consideration the following factors:

1. the characteristics of its Customers (mainly of those "professional" Customers which constitute the vast majority of the Bank's Customers and have a broad interest in financial markets and type of instruments).

2. the costs applied by intermediaries;
3. access to the various Execution Venues or intermediaries;

No major issues have been identified by the Bank in this regards and no claims were raised by the clients.

TOP 5 VENUES AND QUALITY OF EXECUTION

As explained early in this report, BPER S.A. selects the Execution Venues and counterparties exclusively based on the best price and availability of the financial assets related to the orders and does not apply any fees that would unduly discriminate between the various Execution Venues or Intermediaries.

No specific arrangements are in place with any of the Venues and counterparties listed in the transaction reporting listing the 5 top Venues/counterparties used by the bank regarding payments made or received, discounts, rebates or non-monetary benefits received. As a consequence NO payments, discounts, rebates or non-monetary benefits are made to or received from those entities.

During 2023 the Bank used on average the same counterparties used in previous year with only very few new counterparties among the largest 5 (or a lesser number for the less traded financial instruments) in any asset class and typically for amounts and percentage that were relatively immaterial for those new counterparties. The Bank had no issues or claims received or raised to those Venues/counterparties and the relationship continued to be satisfactory for BPER S.A. and consequently the services provided to the clients of high quality.

In relation to the monitoring of execution quality of each class of financial instruments vis-à-vis of the venues and counterparties used, it is firstly worth to note that the Bank was active on all the main classes of financial instruments during the year 2023 which can be summarized in the four below categories. In particular, the results of the analysis carried out by the Bank can be summarized as follows:

- **Equity / Equity like products**

Based on the Best Execution monitoring, no discrepancies have been detected between the Best Execution Policy and its execution. Equity/equity like products orders were executed and settled implying lowest cost and a very high level of execution likelihood as well as a relatively low number of failed trades.

If a client gave a specific instruction to execute an order in a particular way, the Bank executed the order in accordance with these specific instruction, where possible.

The Bank managed all specific arrangements with execution venues or counterparties, in case of OTC transactions according to its Conflict of Interest and Inducement Policies. In line with the previous years, the Bank had no specific arrangement in place with execution venues and with counterparties, for the execution of client orders and thus no payment have been made or received and no discounts, rebates or non-monetary benefits have been received.

- **Fixed Income and money market instruments:**

Based on the Best Execution monitoring, no discrepancies have been detected between the Best Execution Policy and its execution. Fixed Income and money market instruments orders were executed and settled implying lowest cost and a very high level of execution likelihood as well as a minimum number of failed trades.

For illiquid assets, the likelihood of execution and likelihood of settlement, focusing on the size of the trade and the speed of execution, were considered if it led to a better result for the customer's order, specifically when transactions are dealt OTC;

If a client gave a specific instruction to execute an order in a particular way, the Bank executed the order in accordance with these specific instruction, where possible.

The Bank managed all specific arrangements with execution venues or counterparties, in case of OTC transactions, according to its Conflict of Interest and Inducement Policies. In line with the previous years, the Bank had no specific arrangement in place with execution venues or counterparties for the execution of client orders and thus no payment have been made or received and no discounts, rebates or non-monetary benefits have been received.

- **UICTS / Other type of Mutual Funds**

Based on the Best Execution monitoring, no discrepancies have been detected between the Best Execution Policy and its execution. UICTS and other Mutual Funds were executed at NAV via specialized platforms or directly with the Transfer Agents.

If a client gave a specific instruction to execute an order in a particular way, the Bank executed the order in accordance with these specific instruction, where possible.

The Bank managed all specific arrangements with the specialized platforms or the Transfer Agents according to its Conflict of Interest and Inducement Policies. In line with the previous years, the Bank had only two specific arrangement in place with a specialised platform and an asset manager from which the Bank received rebates while no discounts or non-monetary benefits were received. The amount of the commissions received were relatively immaterial and were used to enhance the services the Bank provided to its clients.

- **Structured products and Derivative financial instruments:**

While is it worth mentioning that orders on structured products and derivatives financial instruments are very limited and only received by professional client, based on the Best Execution monitoring, no discrepancies have been detected between the Best Execution Policy and its execution. Structured products and derivatives financial instruments orders were executed and settled implying lowest cost and a very high level of execution likelihood as well as a minimum number of failed trades.

If a client gave a specific instruction to execute an order in a particular way, the Bank executed the order in accordance with these specific instruction, where possible.

The Bank managed all specific arrangements with execution venues and counterparties, in case of OTC transactions, according to its Conflict of Interest and Inducement Policies. In line with the previous years, the Bank had no specific arrangement in place with execution venues or counterparties for the execution of client orders and thus no payment have been made or received and no discounts, rebates or non-monetary benefits have been received.