

Obtained in 2022

Best Execution Quality Report



Background of this disclosure

This report on the best execution quality obtained (hereinafter referred to as "Report") is a summary of the evaluations and conclusions from the monitoring of the execution quality achieved in the past calendar year for the execution venues at which VP Bank AG and VP Bank Group (hereinafter referred to as "the Bank") executed client orders and orders from portfolio management mandates, as well as for the investment firms to which the Bank forwarded client orders and orders from asset management mandates for execution.

This Report is linked to the Bank's Best Execution Policy published in the document "MiFID II: Information and Principles" accessible via the Bank's website. In the referred policy, the Bank sets forth its best execution principles following the directive on markets in financial instruments 2014/65/EU ("MiFID II") and local regulation, inclusive the Financial Services Act ("FIDLEG") and as such only applies to professional and non-professional clients domiciled in the European Economic Area ("EEA"). The Policy applies to professional and non-professional clients of VP Bank Group companies that have their registered office in the EU or EEA. Regarding other legal entities within VP Bank Group, the Policy applied to professional and non-professional clients that are domiciled in the EU or EEA. While not all clients of the Bank might be subject to the best execution requirements set forth by MiFID II, the Bank endeavours to provide Best Execution also to such clients and takes into account relevant local regulation, for example FIDLEG. Within the policy, there are some additional application limitations due to product characteristics ("limited best execution obligation") or arising from specific client instructions.

This Report covers the period from 1 January to 31 December 2022. The summary of the analysis and conclusions from the monitoring of the best execution quality obtained applies to all asset classes of financial instruments, where not stated differently.

Explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution

When assessing the relative weighting of above-mentioned execution factors, the Bank takes into account the following execution criteria: the characteristics of the client; the characteristics of the transaction; the characteristics of the financial instruments; and the characteristics of the Execution venues.

In general, the Bank prioritizes the price and costs factors, regardless of the client categorization or asset class.

However, depending on certain circumstances, the relative importance of execution factors may vary. For example, for orders in illiquid financial instruments, the execution factor "likelihood of execution and settlement" becomes more important, and thus, it may be against the best interest of the client to await additional prices. The Bank strives to ensure an equal treatment of all clients - regardless of their classification or domicile.

Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders

The Bank has described its Conflict of Interest Policy in the brochure "MiFID II: Information and Principles". The selection of counterparties and/or brokers (hereinafter referred to as "counterparties") and trading venues is carried out in accordance with industry-standard evaluation criteria set forth in the Bank's Best Execution Policy. The Bank has no stake in the selected counterparties and trading venues and does not maintain close links with them. The Bank placed significant reliance on different execution venues and preferred brokers, which are disclosed in the annex "execution venues of the Bank" to the brochure "MiFID II: Information and Principles" accessible via the Bank's website. Further, the Bank publishes its top five execution venues for the reporting period (pursuant to RTS 28) per financial instrument asset class.

Following the selection criteria, the Bank conducts an at least annual monitoring of all counterparties and trading venues in accordance with the Best Execution Policy, in order to assess their execution quality and service.

Description of any specific arrangements with any Execution Venues regarding payments made or received, discounts, rebates or non-monetary benefits received

The Bank has not entered into any agreements regarding payments or discounts with any of the execution venues and none of the counterparties.

Explanation of the factors that led to a change in the list of Execution Venues listed in the firm's execution policy, if such a change occurred

During the reporting period the Bank has placed significant reliance on different execution venues and preferred brokers. The Bank reviewed the list of execution venues and preferred brokers and updated its accordingly to ensure market access and considering the performance assessment of the individual counterparties. A corresponding overview is included in the annex "execution venues of the Bank" in the brochure "MiFID II: Information and Principles" accessible via the Bank's website accordingly.

Explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements

As set forth in the Bank's Best Execution Policy published in the document "MiFID II: Information and Principles", the policy does not apply to eligible counterparties. For professional and non-professional clients, the Bank generally applies the same execution principles and prioritization of execution factors. In general, the Bank prioritizes execution factors as follows, except where circumstances advise a different weighting (e.g. in case of illiquid financial instruments, where the likelihood of execution (and settlement) should prevail):

- **Price** at which a financial instrument is executed at;
- **Costs** arising with the order (incl. external costs such as exchange or clearing fees as well as internal costs such as the Bank's commission or spread driven rewarding)
- **Other execution factors** based on characteristics of the transaction, financial instruments and execution venues (incl. consideration of market conditions such as illiquidity)

Explanation of whether other criteria were given precedence over immediate price and cost when executing non-professional client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client

In general, the Bank prioritizes the price and costs factors, regardless of the client categorization or asset class. However, depending on certain circumstances, the relative importance of execution factors may vary. For example, for orders in illiquid financial instruments, the execution factor "likelihood of execution and settlement" becomes more important, and thus, it may be against the best interest of the client to await additional prices. The Bank strives to ensure an equal treatment of all clients - regardless of their classification or domicile.

Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575

The Bank maintains a governance framework and operates a controls landscape ensuring the effectiveness of the order execution arrangements. Further, the Bank is currently evaluating the introduction of a data-driven control to assess the execution quality.

Counterparties and venues are carefully selected by the Bank, the onboarded counterparties and venues are reviewed on a periodic (at least annually or when material

changes occur) basis regarding the execution quality using qualitative and quantitative criteria. If deficiencies are discovered, the counterparties or venues in question are replaced if appropriate.

Further information on the corresponding monitoring and reporting duties, reference is made to the Bank's Best Execution Policy published in the document "MiFID II: Information and Principles" accessible via the Bank's website.

Explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU

The Bank currently does not use a consolidated tape provider.