# Information on Investment Services and Investment Products

July 2020

## 1) Introduction

This English version of the Information on Investment Services and Investment Products is for convenience purposes only. In case of a discrepancy between the Greek and the English versions, the Greek version will prevail.

The present "Information on Investment Services and Investment Products" (hereinafter "the Information Package") is addressed to the existing and prospective clients of Eurobank SA (hereinafter, "the Bank" or "Eurobank"), and includes information on the Bank, the investment services and activities offered, as well as the investment products (financial instruments and structured deposits). The information relates to the implementation of the Directive 2014/65 of the European Parliament and Council concerning markets in financial instruments (hereinafter "MiFID II"), as transposed into Greek law by way of Law 4514/2018, and of the delegated EU Regulation 2017/565 of the Commission.

The present document does not constitute advertising material, but aims at informing that the Bank, when providing investment services, has implemented the relevant legislation in order to secure the maximum possible protection of the investors.

If you have already made an investment or consider investing in the investment products that are stated in this document through our Bank, please devote the necessary time to read the present Information Package. The Information Package is provided through the network of Branches, Business Units and can be found in the Bank's website, https://www.eurobank.gr/en/mifid/.

## 2) The Bank

### 2.1 Eurobank SA

The Eurobank Group is a dynamic financial organisation with a network of service points in Greece and abroad; the Group offers a wide range of financial products and services, for individuals and companies:

- Retail and business banking
- Investment banking
- Wealth and capital management
- Cash management and capital market services
- Financial leasing

- Factoring and forfaiting
- Trading services
- Property services
- Eurobank offers integrated services for individuals and companies:
- Eurobank branches,
- Business Centres, located in major Greek cities
- Personal Banking
- Private Banking Centres
- Alternative networks (ATM, Automatic Payment Systems, etc.)
- Hellenic Postbank network

**The details of the Bank are the following:**

Eurobank SA
8 Othonos Street
105 57 Athens
Greece

**Ways of communication:**

| | |
|---|---|
| Phone (**Europhone Banking**) | **24 hours a day,**<br>**tel. 210 95 55 000** |
| In writing at the address | **Eurobank S.A.**<br>**20, Amalias Avenue**<br>**105 57 Athens** |
| Electronically | **info@eurobank.gr** |

**The Bank is licensed and regulated by:**
The Bank of Greece,
21 Eleftheriou Venizelou Street
102 50 Athens
Tel: +302103201111,
fax: +302103232239, +302103232816
http://www.bankofgreece.gr

**Concerning the investment services:**
The Capital Market Commission,
Public Law Legal Entities,
1 Kolokotroni & Stadiou Street
105 62 Athens
Tel.: +302103377100
http://www.hcmc.gr

## 2.2 Relation and Communication with the Client

The language in which the Bank communicates with its clients is Greek. Occasionally, when addressing clients outside Greece or inside the country, who do not understand Greek, the English language and terminology is used.

Upon commencement of the collaboration with the client, and prior to the any transaction, the Bank requests from the client to provide the information and required documentation verifying his identity. This information is retained in electronic or physical records, according to the each time applicable legislative / regulatory framework, and the separate procedures of the Bank.

The client must promptly notify the Bank concerning his ID details and his legalisation status, as well as concerning any change therein, by delivering the necessary documents from which the change emerges.

Any communication on the part of the Bank is based on the information, addresses and durable mediums of communication notified by the client to the Bank in any designated way, notably postal address, telephone numbers for communication by phone or fax, as well as email address, notified by the client to the Bank and which it considers as being true, but also through electronic means / electronic networks of the Bank to which the client has or will have access. Any related documentation dispatched to the client, for his information, is considered as being complete and acceptable from the client to the extent that it is based on the Bank's records and the latest information received.

The client may communicate with the Bank via phone, post, fax, email (see paragraph 2.1), electronic means / electronic networks of the Bank, as well as in person, in one of the Bank's branches and Business Units.

More specifically, the orders of the clients may be submitted in writing. Such orders may also be submitted over the phone, via fax or email, in the case that the agreement determines that it is acceptable to submit orders via phone and/or by delivery and receipt of orders by fax or email, and under the terms and conditions set out in the agreement. Also, such order may be submitted via the Bank's alternative networks: e-banking, phone banking, via the Internet or any other public or private network that the Bank operates today or will operate in the future. Eurobank reserves the right to request the client's order confirmation via email or fax in the case that the order is submitted orally. The Bank may carry out the actions of execution of the order, and follow the orders received over the phone by its clients. In any case, the orders' records constitute definitive evidence of these instructions and orders without the need of any additional written consent on the part of the client. In any case, according to the applicable legislation, the Bank informs the client that, for the protection of transactions, it must monitor the orders submitted by phone and all the orders transmitted to the Bank by fax or email, and keep a record of the same. The Bank shall not reveal to third persons any information in relation to the above, unless provided for by the each time applicable legislation (indicatively, if requested by the Hellenic Capital Market Commission ("HCMC") or another competent supervisory, public or judicial authority), and whenever required for the fulfilment of the Bank's obligations deriving from the agreement made between the Bank and the client. The Bank keeps records of conversations and communications for a period of five years and if requested by the HCMC for a maximum period of seven years. The client may gain access to the records upon written request.

**Reporting and Statements**

The clients are informed by the Bank with regards to the services provided, by delivery of reports/ statements.

- Clients' Execution of Orders Confirmation (not applicable to portfolio management transactions)

  Delivery to Retail and Professional Clients of a confirmation on the execution of orders is effected the soonest possible and, in any case, on the first business day following execution at the latest or, if the Bank receives the confirmation by a third person, on the first business day following the confirmation sent by such third person at the latest. The confirmation contains all the basic information concerning the execution of the order.

- Statement on Clients' Assets

  The Bank sends to all its clients, regardless of categorisation, at the end of every calendar quarter at least, statements including all the financial instruments and funds held by the Bank on the client's behalf, along with the information in relation therewith, which are provided for by the each time applicable legislation.

- Statement in relation to Positions in Leveraged Financial Instruments

  The Bank, with regards to portfolios kept by retail clients, which (portfolios) include positions in leveraged financial instruments or transactions which may result in an obligation, notifies the client, through the relevant statement, when the initial value of every instrument is devalued by 10% and, henceforth, by multiples of 10%.

- Notifications within the framework of Portfolio Management services

  (chap. 5.4: Portfolio Management – Clients' Notification)

## 2.3 Participation in an Authorised Compensation Scheme

The Bank participates in an authorised compensation scheme, the Hellenic Deposit and Investment Guarantee Fund (TEKE).

Contact details:

*Hellenic Deposit and Investment Guarantee Fund*
*(TEKE) 6 Amerikis Street, 2nd floor, P.C. 10671, Athens*
*Telephone: +2103639933 Fax: +2103635582 E-mail:*
*info@hdigf.gr*

The transactions that are carried out through the Bank are covered by TEKE (L. 4370/2016, as each time in force). The purpose of TEKE is: **(a)** to pay compensations (i) to depositors of the credit institutions that participate in it, which become unable to fulfill their obligations vis-à-vis such depositors ("Coverage of Deposits") and (ii) to investors – clients of the credit institution that participate in TEKE for claims that derive from the provision of "covered investment services", in the case that such credit institutions become unable to fulfill the obligations that have towards them, which (obligations) derive from the provision of the said investment services ("Investments Coverage"), and **(b)** the provision of financing in the case either of a transfer of assets of a credit institution to another, or to another person, or of the establishment of a transitional institution, pursuant to articles 38 and 40 of L. 4335/2015 ("Reorganisation").

The maximum coverage level as regards deposits pursuant to L. 4370/2016, for every depositor having deposits that do not fall into the category of "exempted deposits", is 100,000 Euros. Exceptionally, under conditions that are set out by the aforementioned law, it is possible to provide an additional protection limit, amounting to 300,000 Euros. The compensation applies to all deposits made by every depositor at a specific credit institution, regardless of the number of the accounts, the currency and place of deposit, and includes the accrued interest up to the day that the deposit became unavailable. In order to calculate the compensation, the total credit balances of the deposit accounts are offset against any due and payable debts of the depositor vis-à-vis the Bank, of any nature, as on the date that the Bank is no longer able to fulfil its obligations. In case of accounts with multiples beneficiaries, the part of the deposit which corresponds to every depositor of the joint account is considered to be a separate deposit, and every beneficiary of the account is covered for up to 100,000 Euros, including his other deposits at the Bank. For the purposes of compensation, it is considered that the deposit belongs to the beneficiaries in equal parts, unless otherwise specified. The maximum coverage amount for the covered investment services amounts to 30,000 Euros, for the total claims of the investor-client vis-à-vis certain credit institution, regardless of the covered investment services, number of accounts, currency and place where the investment service took place. To calculate the compensation, the total amount of the investment services is offset against any due and payable debts of any nature, of the investor-client vis-à-vis the Bank.

In case of co-beneficiaries of the same claim from an investment service, the part of the claim that corresponds to each investor – client is considered to be a separate claim vis-à-vis the Bank, and every co-beneficiary is covered for up to 30,000 Euros in total for the said claim as well as for his other claims from investment services vis-à-vis the Bank. For the purposes of compensation, it is considered that the aforementioned joint claim from an investment service belongs to the co-beneficiaries in equal parts, unless otherwise specified at the relevant contract.

For more information as regards the coverage provided by TEKE, please read the special information pack as regards the protection of deposits and the protection of investments respectively, that are available through the Bank's branches, through the Bank's website www.eurobank.gr or TEKE's web-pate, www.teke.gr.

### 2.4 Insurance Coverage Policy

The Bank shall undertake to purchase insurance coverage against "professional liability" vis-à-vis its clients and third persons in general, which will be renewed annually.

More specifically, the Bank and its subsidiaries are covered against Civil Liability that arises from acts, mistakes and/or omissions either on its part or on the part of its officers or on the part of third persons acting on the Bank's behalf, as well as from the provision of financial and professional services, under the terms and conditions that are detailed in the insurance contract.

## 3) Clients' Categorization

**I)** The Bank categorises its clients into:

a) "Retail"
b) "Professional" and
c) "Eligible Counterparties"

The categorisation is done on the basis of the criteria set out in the applicable legislation and the relevant policies and procedures of the Bank, as per below:

**"Retail Clients"**

Retail Clients are all the clients of the Bank, whether natural or legal persons, who are not Professional Clients and Eligible Counterparties, in accordance with the applicable legislation.

**“Professional Clients”**

Professional clients are those clients who possess the experience, knowledge and expertise to make their own investment decisions, and to properly assess the risks involved in these decisions.

For the purposes of the applicable legislation, the clients fall into the following categories:

**A) Professional Clients by law**, for all the investment and ancillary services and activities, and the investment products, that is:

1. Legal persons which are obliged to receive an operating license or are subject to certain provisions in order to exercise their distinctive activities in the financial markets, regardless of whether they have been granted a license by a member-state, under community legislation, or whether they have received a license, or whether they are subject to the provisions of a member-state without reference to a directive, or whether they are businesses that have received a license or are subject to supervisory rules of a third country:

    a) Credit institutions

    b) Investment firms

    c) Other financial institutions that are granted a license or are subject to regulations

    d) Insurance companies

    e) Collective investment schemes and management companies of such schemes

    f) Pension funds and management companies of such funds

    g) Negotiators in stock-exchange markets in commodities and relevant derivatives

    h) Local enterprises

    i) Other institutional investors

2. Large enterprises that fulfil, at least on the basis of an individual company, at least two of the following criteria:
    •Balance sheet total: 20,000,000 Euros
    •Net turnover: 40,000,000 Euros
    •Own funds: 2,000,000 Euros

3. National and regional governments, public entities managing public debts, at a national and supranational level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.

4. Other institutional investors whose corporate purpose is to invest in financial instruments including entities the exclusive object of which is the securitisation of assets or other financial transactions.

**B) Professional Clients upon request**, in accordance with the current legislation and the specific provisions of 3.2 here below.

**“Eligible Counterparties”**

Eligible Counterparties shall be considered to be, from the outset, the following legal persons:

Investment firms, credit institutions, insurance companies, Undertakings for Collective Investment in Transferable Securities (UCITS) and their management companies, pension funds and their management companies, other organisations belonging to the financial sector which have received an operating license or are regulated on the basis of the laws of the European Union or the national law of the member-state, the national governments and the relevant services thereof, including the public entities that manage the public debt at a national level, the central banks and the supranational organisations.

In the event of a transaction where the prospective counterparty is established in a different member-state, the status of the counterparty shall be accepted as determined by the law or measures of the Member State in which that company is established.

**II)** The clients must notify the Bank on every change that can affect their categorisation. If the Bank notes that a Professional or Eligible Counterparty client no longer fulfills the terms upon which the categorisation was made, the Bank may classify this person to another category (Retail or Professional, respectively), notifying the person on this.

## 3.1 Clients’ Treatment by Category

Each client is treated by the Bank according to the category he belongs to, and the respective requirements prescribed by the applicable legislation. Retail clients receive the highest level of protection, according to the provisions of the applicable legislation, contrary to the Professional Clients and the Eligible Counterparties to which limited protection is granted. The different treatment per client category relates mainly to the following: **(a)** the information communicated to the client, **(b)** the assessment of appropriateness and suitability of the investment service/financial instrument provided to the client, **(c)** the reports sent to the client regarding the investment service/ product offered and **(d)** the obligation to execute orders with terms as favorable as possible for the client.

### 3.1.1 Eligible Counterparties

Eligible Counterparties are the clients that are treated by the Bank, as regards the investment services of receipt, transmission and execution of orders, as clients having a specialised knowledge concerning investment risk, and as being financially able to bear every investment risk that is compatible with their investment targets. For this reason, this category of clients receives a lower level of protection compared to Professional and Retail clients. To categorise a client as an Eligible Counterparty results in the Bank not being obliged to comply with specific obligations it may have, as per the applicable legislation. In order for a client to be classified under this category, it is required that he consents explicitly and in writing.

### 3.1.2 Professional clients

Professional Clients, the experience, knowledge and expertise of whom are taken for granted, receive a lower level of protection in comparison to Retail clients, as regards the level, form and timing of information and notifications they receive, as well as in relation to the safekeeping and use of financial instruments and/or funds held by the Bank on their behalf. Moreover, Professional Clients receive limited protection when it comes to the Appropriateness Test (Paragraph 3.3: Suitability and Appropriateness Test), since the Bank accepts, without further consideration, that the Professional Client possesses the required level of knowledge and experience, as well as concerning the Suitability Test (Paragraph 3.3: Suitability and Appropriateness Test), since the only thing required is the collection of data regarding the client's investment objectives and financial situation, including the client's risk tolerance levels and his ability, from a financial point of view, to bear every relevant investment risk which is consistent with his/its investment objectives. When the offered service consists in the provision of investment advice, the Professional Clients are assumed to be financially able to bear any related investment risks that is consistent with their investment objectives.

### 3.1.3 Retail Clients

Retail clients are considered to be those clients who do not meet the criteria to be treated as Professional Clients or Eligible Counterparties, and they receive the highest level of protection on the basis of the applicable legislation. Such protection consists in the provision, by the Bank, of thorough information prior to the provision of any investment services, on the following: **(a)** the types and characteristics of financial instruments and the associated risks, **(b)** safekeeping of financial instrument and funds by the Bank on behalf of retail clients, **(d)** a brief summary of the best execution policy and **(e)** the reports / notifications sent by the Bank to the client, their timing and frequency.

## 3.2 Change of Client Category

**A)** The clients of the Bank are entitled to request, in writing, to change category on condition that they fulfil certain requirements and criteria, in accordance with the applicable legislation and the policies and procedures of the Bank.

The possibilities for a category change are the following:

A Retail Client may change category and become a Professional Client, or a Professional Client may change category and become an Eligible Counterparty.

**A)** Retail or Professional Client may request to waive part of the protection that is granted to him by virtue of the applicable legislation provided that the criteria and conditions provided for by the applicable legislation are fulfilled, and specific procedures are observed. In any case, the said change may take place following a necessary evaluation by the Bank, of the specialisation, experience and knowledge of the client, and only when the Bank is persuaded to a reasonable extent, taking also into account the nature of the intended transactions and services, that the client is able to take investment decisions, and to realize the risks associated therewith. It is noted that in no way is it considered that the Retail Clients, who will become Professional clients, as per above, have a knowledge of the market and an experience that can be compared to the knowledge and experience of the Professional Clients by law.

A Professional Client may change category and become a Retail Client.

The Professional Client who considers that he has not the experience, the knowledge and/or the specialisation in order to assess and manage the risks associated with his investments, may request to change category and become a Retail Client, in order to receive a higher level of protection.

An Eligible Counterparty may change category and become a Professional or a Retail Client.

The Eligible Counterparty who considers that he does not possess sufficient knowledge concerning investment services and/or he does not have the financial capacity to bear every investment risk which is linked to his investments, and wishes to receive a higher level of protection, he may request to be categorised as a Professional or Retail Client. In the case that the Eligible Counterparty requests to change category but does not ask explicitly to be treated as a Retail Client, the Bank may treat him as a Professional Client.

**B)** It is in the absolute discretion of the Bank to accept the request of a client concerning a change of category; the Bank, having agreed with the said change, shall notify the client of the consequences resulting from the change, the rights which he may have to waive, as well as the protections and the rights of compensation that may be lost; the client must notify in writing the Bank that he is informed as regards the above, that he is aware of the consequences resulting from the loss of the aforementioned protections, and that he accepts them unreservedly.

In the case that the client's request is rejected, the client shall be notified in writing by the Bank.

## 3.3 Suitability and Appropriateness Test

In order to protect its clients, the Bank obtains the necessary information and carries out suitability and appropriateness tests depending on the investment services provided, pursuant to the below:

### 3.3.1 Suitability Test

The Bank, when providing investment advice or portfolio management services, in order to serve the interests of the client or the prospective client in the best way, obtains the necessary information regarding the client's knowledge and experience in the field of investments and in relation to the specific type of product or service, to the client's financial situation, including his capacity to bear losses, as well as to the client's investment targets, including his tolerance risk levels, in order for the Bank to recommend the investment services and the financial instruments that are suitable for him and, in particular, that they are in accordance with the client's tolerance risk level, and with his ability to bear losses (suitability test).

The Bank shall carry out a suitability test both for Retail and for Professional Clients. No such test is required with regards to Eligible Counterparties. However, the Bank considers that as regards the products, the transactions and the services for which the Professional Clients have been included in this category, the said Clients possess the required level of experience and knowledge so as to understand the risks involved in the transactions or the portfolio management. Moreover, when providing investment advice to a Professional Client, the Bank considers that the said client is in a position to undertake, from a financial point of view, every relevant investment risk that is consistent with his investment targets.

The Bank is based on the information provided by its existing or potential clients, which (information) must be accurate and adequate. An update on such information is carried out from time to time, during the term of the said services.

In particular when providing investment advice to Retail Clients, the Bank provides the client with a suitability report where the provided advice is described, as well as the way in which the recommendation is suitable for him, including the manner in which such recommendation is to meet his targets and his personal circumstances in relation to the requested investment duration, his knowledge and experience, his position with regards to risk, and his ability to bear losses. Moreover, when the Bank provides the service of investment advice within the framework of which it creates a package of services or products, pursuant to article 24, paragraph 11 of the MiFID II directive, it is checked whether the whole package is suitable for the client.

Moreover, when providing the service of investment advice or portfolio management that includes switching from one investment to another, either through the sale of one instrument and the purchase of another, or through the exercise of the right of switching in relation to one existing instrument, the Bank collects the necessary information about the existing investments of the client and the new proposed investments, and carries out an analysis of the cost and the benefit of the switching, so that the Bank is reasonably able to prove that, with regards to switching, the benefits are greater than the cost.

When the switching refers to a Retail Client, to whom an investment service is provided, then the aforementioned suitability test shall state the benefits of the investment switching in comparison with the cost.

Finally, in the case that the Bank deems that no product or service is suitable for the client or in the case that the client does not provide (in whole or in part) the information that is necessary for the Bank, the latter cannot provide the aforementioned services to the client, and shall inform him respectively.

### 3.3.2 Appropriateness Test

Eurobank, when providing investment services (with the exception of Investment Advice and Portfolio Management), and when carrying out transactions on derivatives and (if necessary) structured deposits, is obliged to carry out an Appropriateness Test concerning the said services and products for Retail clients only (Appropriateness Test). The Bank shall assess whether the client possesses the necessary knowledge and experience in relation to the specific financial instrument/ service, in order to decide whether the particular financial instrument/service is appropriate for the client. To this aim, the Bank shall request information as regards the experience and knowledge of the client, which (information) shall clarify whether the client is in a position to understand the risks associated with the financial instrument (for instance, a derivative) / investment service. The appropriateness test applies, in particular, to investment products in which the client is interested, which (products) are considered as "complex", that is products that incorporate, indicatively, derivatives or structures which make it difficult for the client to understand the risk involved or the performance risk or the risk of return or the cost of exiting the product before term. In the case that the Bank deems, on the basis of the information it has, that the said financial instrument / investment service is not appropriate given the knowledge and experience of the client, or the client does not provide (in whole or in part) the required information, the Bank shall notify the client accordingly. If, despite the relevant notification, the client wishes to invest in the product that he has chosen, it is understood that he fully undertakes the potential investment risk.

### 3.3.3 Exception from the Appropriateness Test

The Bank points out that it is entitled to offer its clients investment services exclusively consisting in the execution of the clients' orders or the receipt and transmission of orders with or without ancillary services (excluding the granting of credits or loans as specified in Section B.1 of Annex I of MiFID II that are not part of existing credit limits of loans, current accounts and overdraft facilities of clients) without the need to carry out an appropriateness test, provided that the following conditions are cumulatively met:

**(a)** The services are related to any of the following financial instruments:

i. shares admitted to trading on a regulated market or on an equivalent third-country market or on a MTF, where those are shares in companies, and excluding shares in non-UCITS collective investment undertakings, and shares that embed a derivative;

ii. bonds or other forms of securitised debt admitted to trading on a regulated market or on an equivalent third country market or on a MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;

iii. money-market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;

iv. shares or units in UCITS, excluding structured UCITS as referred to in the second subparagraph of Article 36(1) of Regulation (EU) No 583/2010, EL 12.6.2014.

v. structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term;

vi. other non-complex financial instruments for the purpose of paragraph 4 or article 25 of MiFID II.

**(b)** The service is provided at the initiative of the client or potential client;

**(c)** The client or potential client is informed that the Bank, when providing this service, is not required to assess the appropriateness of the financial instrument or service provided or offered, and that therefore the client does not benefit from the corresponding protection of the relevant conduct of business rules.

**(d)** The Bank takes all measures in order to trace and confront all the cases of a conflict of interests.

## 4) Investment Products and Related Risks

The products referred to in the present chapter are offered by the Bank to its clients, and they refer to transferable securities, shares or units in UCITS and derivatives that are traded on regulated markets such as the Athens Stock Exchange and Multilateral Trading Facilities (MTF), as well as on markets of third countries through recognised / licensed investment companies that are stock exchange representatives and participate in the each time market of the third country. Moreover, the Bank also offers other financial instruments over the counter. In total, the range of the financial instruments and investment products offered by the Bank can cover the different needs of each investor, such as, indicatively, safekeeping and increase of the capital, income, spread and hedging of risk, or short-term profit (speculation).

All the financial instruments that are offered to the investor consist in non-complex (simple) and complex financial instruments, pursuant to the MiFID terminology.

The simple or non-complex financial instruments or products include the following:

- Money market instruments, that is instruments that are normally traded on the money market, such as treasury bills, certificates of deposit and commercial papers, and excluding instruments of payment which incorporate a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved.
- Shares admitted to trading on a regulated market or on an equivalent third-country market (hereinafter, “shares admitted to trading”) or on a MTF, where those are shares in companies, and excluding shares in non-UCITS collective investment undertakings and shares that embed a derivative.
- Bonds or other forms of securitised debt admitted to trading on a regulated market or on an equivalent third country market or on a MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;
- Shares or Units in UCITS, excluding structured UCITS as referred to in the second subparagraph of Article 36 of Regulation (EU) No 583/2010.
- Other non-complex financial instruments for the purposes of the appropriateness test, pursuant to the applicable legislation.
- Structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term.

The financial instruments that do not fall within one of the above categories (or that do fall within one of the aforementioned exceptions) are considered as complex. The financial instruments are described in the following chapters.

### 4.1 Risks

Investing in financial instruments entails risks. It is important that the client is aware of the risks associated with the financial instruments prior to invest in them. Please see below the categories of general risks associated with investments in financial instruments, while at the end of the presentation of each product, the specific risks that may emerge for each category of financial instruments, are listed.

The client must fully understand the risks involved when investing in financial instruments, otherwise it is recommended that he may seek the assistance of special advisors both prior to the taking of the relevant investment decisions and while monitoring his investments in financial instruments.

Historical returns of the various financial instruments do not ensure future performance. Every investment on any financial instrument is exposed to one degree or another, to all or some of the following risks:

## General types of risks

### Systemic Risk

It is the risk of an adverse change in the returns of an investment in a financial instrument due to destabilisation or collapse of the market, sector or economy, that is related to the said financial instrument, as a result of a chain reaction to individual events or specific factors that arise from the nature of the market, such events or factors hitting systemically significant companies of one sector, systemically significant banks etc.

### Non-Systemic Risk

Non-systemic or specific risk is the risk of a change in the value of a financial instrument due to specific factors that influence the issuer of the instrument (issuer's financial results, market sector). Such risk may be limited if the investor's portfolio is sufficiently dispersed.

### Market Risk

It is the risk of unfavorable changes in general market factors such as interest rates, shares and index prices, exchange rates, commodity prices and index, changes in volatility.

### Interest Rate Risk

The risk due to unfavorable changes in interest rates and their consequent effect on the present value of an investment's future cash flows.

### Inflation Risk

The loss of the real value (buying power) of capital due to a larger than expected increase in the level of inflation.

### Management Risk

It is the risk that depends on the investment strategy that is being followed or on the ability of the portfolio manager to act according to the best portfolio management practices.

**Credit Risk**

The risk that investors-holders of debt instruments such as bonds face, that the issuer of such instruments may not be able to fulfill its contractual obligations for the payment of interest or the repayment of the principal. Similarly, it is the risk that the investors face, that the counterparty may not be able to fulfill his/her/its contractual obligations, for instance in case of an OTC derivative contract. When choosing financial instruments, the investor must take into account the credit risk of the issuer, by evaluating the information that he may receive as regards its credit-worthiness and the current situation of the money-markets and fund-markets. Usually, the return of the financial instruments is inversely proportional to the credit assessment of their issuer.

**Early Redemption Risk**

Some types of bonds and similar instruments give the issuer the right to recall and redeem them before their maturity date. The risk originates from the possibility that the bonds will be recalled and redeemed at an unfavorable price for the investor (in relation to the current one). In this case, the investor shall lose the return that was anticipated for the end of the investment, and he must re-invest the proceeds of the redemption taking into account the new circumstances prevailing at the market.

**Exchange Rate Risk**

The risk originating from unfavorable changes in the exchange rate of the currency at which the financial instrument is valued, in which (instrument) the investment has been made, in the case that this currency is different from the base currency used by the investor. This risk also appears in financial instruments that incorporate the exchange rate between two currencies, such as derivatives the underlying value of which is exchange rate of currencies.

**Liquidity Risk**

The risk of not being able to liquidate a financial instrument, for instance a bond, in time, since the failure to find a purchaser may cause losses to the investor. Financial instruments that historically present large marketability, primarily to the secondary markets, entail low liquidity risk (e.g. US T-Bills). This, however, does not ensure that in the future, due to special market circumstances, the possibility of a liquidity risk is eliminated. Also, the investor is in danger to collect, due to liquidity, a smaller amount of investment than the initial one.

**Legal Risk**

The risk that the terms of an investment product may not have been provided for, fully and accurately, in the relevant contract. This may occur in OTC transactions, while such a risk is practically non-existent in regulated markets. Moreover, there is a risk that a change in the legislative framework may cause changes in the expected return or in the tax treatment of the product, or the investment may henceforth not be allowed, in whole or in part.

## Operational Risk

The risk originating from factors such as human error, system malfunction, and processes. For example, the risks of a client's order being executed incorrectly or not in timely manner by the broker, or the risk of having the trade – matching system or derivatives settlement system broken down.

## Basis Risk

The risk of deviation between the prices of derivatives and the prices of their underlying financial instruments due to the exchange market conditions or rules imposed by the market of derivatives or underlying instruments.

## Geographic Risks

A country or an area may be financially or politically unstable, to the extent that the payments in the national currency may stop.

## Reinvestment Risk

This is the risk that the bond coupon, the share dividend, or the income of an investment cannot be reinvested in the same terms as in the initial investment.

## Price Risk

The risk that relates to the possibility of a reduction in the price of the product during one investment.

## Leverage Risk

Leverage is the investment strategy by which the investor invests in financial instruments, not by his own funds but by borrowing, with the aim to increase the percentage of the potential return of the said investment on the invested capital. If the investment is favorable to the investor, the profit that will be gained from a leveraged investment shall be significantly higher than the one of the same investment which, however, was effected with exclusively own funds. The risk is that if the investment has a negative yield, the losses suffered by the investor shall be significantly higher than the ones emerging from the same investment which, however, was effected by exclusively own funds.

The provision of credits or loans by the Bank to an investor for him to do a transaction in transferable securities, where the Bank acts a mediator, which (Bank) provides the credit or the loan, constitutes a basic example of doing leveraged investments.

Leverage is incorporated in most derivatives, since usually the investor, in order to "open a position" in a derivative (that is, for instance, to purchase or sell a contract), he is required to pay or freeze in his account, only a part (%) of the total value of the said contract, the so-called margin. Consequently, in this case also, a small change in the value of the contract shall have a proportionally much higher influence in the capital that has been invested by the investor or which will be required in order to keep the position; thus such financial instruments require special investment knowledge and experience.

**Risks from Disinvestment Restriction**

During an investment or a transaction, the investor may wish/need to disinvest or to request an early termination thereof. Despite the fact that the proposed retention duration, on the part of the Bank, is up to the date of termination, in the case that the investor requests a disinvestment, there may be impediments or limitations which may make it difficult to exit from the investment or which cause other exits as a consequence; it may also lead to a delayed completion of the disinvestment or of the recovery of the initial cost.

**Risks from investments related to foreign legal systems**

The realisation of investments in financial instruments which relate to foreign legal systems increases certain risks, since the applicable laws are different to those familiar to the investor. The said rules may refer to various and different issues – from the types of orders and the charges, to the protection of the investor in case of insolvency of the sub-custodian of his assets abroad.

**Risks from investments that are carried out through electronic systems**

The investor carrying out transactions through electronic systems providing direct access to the relevant market must be certain that he is aware of the special rules and procedures governing the conclusion of transactions through such electronic system. Also, in these cases, the operational risk has an increased importance.

**Risk of Bank's Insolvency / Bail in**

The Directive 2014/59/EU for the Recovery and Resolution of Credit Institutions and Investment Firms (BRRD – Bank Recovery and Resolution Directive) aiming at a fast and timely intervention to a failing institution, was transposed in its entirety to the Greek law, by Article Two of L. 4335/2015. Pursuant to this Directive, there are three stages of obligations on the part of credit institutions, and of powers of the resolution authorities. **(a)** Preparation and prevention; **(b)** Timely intervention in the initial stage and at the end **(c)** Recovery, the aim of this stage being to re-organise or liquidate a bank, in an organised fashion, without adopting an insolvency procedure, and by ensuring that its crucial functions shall continue to operate. Provided that all conditions are fulfilled, and that the recovery stage commences, it is provided, among other things, that the resolution authorities are able to exercise and implement the powers and tools for the resolution of failing credit or other institutions that are stated in the said directive. One of the recovery tools is bail-in, which may have significant consequences for the investors, since it is possible to affect the issuer bank's financial instruments, such as, in particular, the shares, but also the bonds, hybrid instruments, etc., which are not covered with sufficient assets or with other securities, or are not subject to a special protection by BRRD and/or another legislation (as is the case with protected deposits). It is pointed out that the investors who have invested in such type of non-secured financial instruments, may suffer a total or partial loss and damage of their investments.

## 4.2 Investment Products

### (a) Structured Deposits capital guaranteed linked to an underlying value

A Structured Deposit constitutes a combination of a deposit and an investment product, where the return depends on the performance of an underlying value.

The said product is a deposit that provides:

- Capital protection throughout and until the deposit's maturity
- Minimum guaranteed return
- Possibility of higher returns under predetermined conditions regarding the fluctuation of the underlying value
- Possibility of early termination of the deposit in whole, before contractual maturity, and same-day repayment of the capital invested
- The capital invested is covered up to the relevant maximum coverage level as regards deposits, as provided for by law and announced by the Hellenic Deposit and Investment Guarantee Fund (TEKE) (L. 4370/2016, as each time in force)
- Type of underlying value: (a) stocks or indices, (b) interest rates, (c) foreign exchange, (d) commodities and (e) a combination of two or more underlying values
- Duration: from 3 months up to 2 years
- Form: the structured/complex product takes the form of a deposit.

**General risks:**

| | |
|---|---|
| **Price Risk** | The return of the structured deposit also depends on the underlying value, which may limit the final return to the initially minimum guaranteed return, but under no circumstances may it lead to the loss of the capital invested. |
| **Exchange Rate Risk** | No, there is no exchange rate risk regarding the capital invested, but only regarding the possible higher returns. |
| **Liquidity Risk** | No. |
| **Interest Rate Risk** | Yes. |
| **Default Risk** | The issuer or the guarantor of the structured deposit (namely the Bank) may not be in a position to pay the interest or even to repay the capital invested. |

| | |
|---|---|
| **Market Risk** | Yes. |
| **Leverage Risk** | No. |
| **Geographic Risks** | Yes. |
| **Risk of Bank's Insolvency / Bail in** | Yes, provided that the issuer (namely the Bank) falls within the BRRD and the capital invested exceeds the relevant maximum coverage level provided by TEKE. |

## (b) Money Market Instruments

Money market instruments are short term instruments with a maturity that is typically one year or less, and they are usually traded on the money market, with the exception of means of payment. These products offer an interest rate on the invested capital while, at the same time, offer the investor a high degree of liquidity.

Indicatively, money market instruments include the following:

**Certificates of Deposit:** Certificates of Deposit are instruments that are typically issued by commercial Banks and have a maturity that ranges from one month to five years. These instruments have a specific, predetermined maturity and, typically, a fixed interest rate. Certificates of Deposit are designed to be held by the investors until maturity, upon which the invested principal is returned to the investor along with the accrued interest.

**Treasury Bills – T-Bills:** Short term government debt instruments issued by central Banks, usually below par value, guaranteed by the country's government and mature in one year or less (e.g. Greek Government Notes or U.S. T-Bills). Their interest rate usually depends on their maturity as well as on the credit rating of the issuing state.

**Commercial Papers:** They are issued by states and private corporations below, or at, par value, in order to finance working capital needs, with a maturity of typically up to 365 days. They have a specific principal and maturity; they are transferable and traded on secondary markets. These instruments are usually issued by large corporations which maintain an external credit rating granted by a recognised External Credit Rating Agency.

**Bankers' Acceptance Notes:** Short term money market instruments issued by corporations the principal and interest payments of which are guaranteed by a banking institution.

**Other means with substantially equivalent characteristics:** they have a value that can be determined at any time, they are not derivatives, and their maturity, at the time of issuance, is up to 397 days (inc.)

### Risks

In the case that these products are not kept until maturity, there is a possibility of loss of capital for the investor.

The investor also bears the (relatively smaller) credit risk of the issuer, that it is the risk of bankruptcy of the relevant issuer.

**Repos:** A special case of a money market instrument is the repurchase agreement of financial instruments such as the above (promissory notes, commercial papers and so on), but also of bonds and shares. Here, the counterparty of the investor is the Bank; the latter sells to the investor a particular instrument against a specific price, while, at the same time, agrees to repurchase the said instrument from the investor on a specific date (usually one up to three months later) at a higher price (as regards stock repos listed on the Athens Stock Exchange, the counterparty is the Athens Exchange Clearing House (ETEK) or another investor). The investor's profit consists in the difference between the two prices. On the part of the investor, and also from a legal point of view, this is a reverse repo agreement, since the investor first purchases the instrument agreeing to then sell it back to the initial seller (Bank).

The instrument, from a financial point of view, functions as a pledge, that is, as a security in favor of the purchaser of the title, in the case that the seller is unable to repurchase the instrument on the agreed date.

### Risks

The purchaser of the instrument, apart from the credit risk of the seller, and provided that such risk does occur, shall also bear the credit risk of the issuer of the initial financial instrument, since he himself (the purchaser) will now be the lawful holder thereof, while he must wait for the maturity thereof in order to receive the amount of repayment. However, the said amount may not cover the whole price that he has paid to purchase the instrument or the extra amount which he would receive by the initial holder of the instrument as a profit for his investment. In the case that the new holder of the instrument wishes for any reason to not wait for the maturity thereof, he shall also bear the resulting risk that the instrument may be liquidated and his capital may be reinvested.

Therefore, such type of investment requires special knowledge and a relative investment experience.

## (c) Quoted Shares

Shares constitute ownership units of an enterprise, and the ownership thereof grants the investor certain rights, such as voting right at the company's general meetings, the right of participation in the profits, in the case that the enterprise decides not to distribute a dividend, as well as the right in the liquidation proceeds, in case of a dissolution. Eurobank offers its clients the opportunity to invest in companies' shares that are traded on regulated markets or on the Multilateral Trading Facility (MTF). The prices of these shares are determined on a supply-and-demand basis in these markets. The share capital of a société anonyme is divided into shares which can be bearer or registered shares. In Greece, pursuant to the applicable legislation, for specific categories of companies, such as, for instance, banking companies, insurance companies, telecommunication companies etc., the shares must be registered. The shares, in general, may be categorised, taking into account various characteristics.

A basic distinction is between common and preference shares:

**Common Shares:** The common shares offer their holder the right to vote in the company's General Meetings, the right in the collection of dividend, provided that there is a distribution of profit by the company, as well as the right in the liquidation proceeds in case of a dissolution of the company.

**Preference Shares:** The holders of preference shares have certain privileges in relation to the holders of common shares, which may consist in an early (prior to the common shares) receipt of the distributed dividend and to a privileged return of the capital paid by the preference shareholders, in case of a liquidation of the company, as well as in the privileged payment of dividend for previous financial years, when no distribution took place. Also, preference shares may be issued without the voting right at the General Meetings of the company or with a voting right limited in certain issues pursuant to the provisions of the company's articles of association. Finally, the preference shares may be issued also as convertible to common shares, pursuant to the provisions of the company's articles of association.

The shares are also divided into quoted shares which are traded on a regulated market and an MTF, and non-quoted shares. Transactions in shares that have been listed on a regulated market or an MTF provide a higher level of protection to the investor due to the supervision to which they are subject, and due to transparency.

Moreover, the shares are divided into those admitted to trading on the Securities' Market of the Athens Stock Exchange or the Alternative Market of the Athens Stock Exchange, which is an MTF and constitute an unregulated market, and to those which are admitted to trading markets abroad, whether regulated or not.

On the same time, the shares may be classified on the basis of their capitalisation (which emerges from the product of the quoted shares of the company multiplied by the price of the share), in which case one speaks of a large, small and mid-cap company (and, respectively, category of shares), or on the basis of their field of activity, such as, indicatively, the banking sector, technology sector, telecommunication sector, etc.

On all regulated markets there are indexes, each of which reflects a specific category of shares. The said indexes are based on the price of the shares which are included in the each time category and reflect the course / volatility of the said shares in the stock exchange. One index could also include all the shares of a stock exchange market.

Indicatively, on the Securities Market of the Athens Stock Exchange there are indexes such as FTSE/X.A. Large Cap (includes the shares with the largest capitalisation) and FTSE/X.A. Mid Cap (includes the shares of medium capitalisation). The complete list of the stock exchange indexes and the daily activity of the markets may be found in the Daily Official List issued by the Athens Stock Exchange (http://www.helex.gr/).

On the basis of the applicable Rulebook of the Athens Stock Exchange, the shares are classified also in the categories of "General Segment", "Under Surveillance", as well as in a separate "Under Deletion" category. The Rulebook of the Athens Stock Exchange provides, also, for special conditions for the admission into trading as regards the companies in the sectors of insurance, car trade, and construction companies.

The regulated markets and the MTFs, in the context of transparency and protection of the investors, follow a specific methodology in shaping the opening and closing prices of the shares, while several markets have also in place a mechanism to monitor the variability of prices so that the latter remain within specified limits, and in order to restrict the possibility of a sudden change thereof.

With regards to shares purchase, the Bank may offer credit for the purchase of shares to clients of investment firms that collaborate with the Bank, pursuant to the each time applicable legislative and regulatory provisions. The Bank and the client of the investment firm have concluded an agreement for the provision to the latter of custody services; then the Bank shall open a margin account following an order of the client and in his name, in order to monitor the credit.

**Initial Public Offering – IPO**

In order to raise capital and to admit a company's shares to trading on a market, whether regulated or not, a company may proceed to an Initial Public Offering – IPO, in accordance with the applicable legislation and the provisions of the regulation governing the operation of the each time regulated or non-regulated market. The company, in collaboration with the Council/Underwriter, carry out all necessary actions to complete the Initial Public Offering, to dispose the shares of the company to the investment public and, then, for the shares to be admitted to trading.

**Investment Risks**

Investing in shares may, as the case may be, be subject to risks; therefore investing in shares does not have a guaranteed return, since the investor may suffer losses with regards to his invested initial capital. Moreover, the provision of credit by the Bank to the investor in order to carry out the aforementioned investment, to which the Bank providing the credit mediates, constitutes a typical case of doing leveraged investments, and in this case, if the investment has a negative yield, the losses suffered by the investor shall be significantly bigger than those that would emerge from that same investment if done exclusively by own funds.

**General risks:**

| | |
|---|---|
| **Price Risk** | Yes, depending on the variability of the share. |
| **Exchange Rate Risk** | Yes, if the share is issued on currency that is not Euro. |
| **Liquidity Risk** | Yes, depending on the volume of transactions of the share, and the percentage of the freely admitted shares. |
| **Interest Rate Risk** | Yes, depending on the share and the investment climate. Usually, an increase in the interest rates affects negatively the shares' prices. |
| **Reinvestment Risk** | Yes |
| **Market Risk** | Yes, since the trading is done on a regulated market, and there is an influence by supply and demand. Also, they are very "sensitive" in positive or negative news on the market, whether they refer to the issuer, or to the market circumstances. |
| **Leverage Risk** | Yes |
| **Geographic Risks** | Yes |
| **Risk of Bank's Insolvency / Bail in** | Yes, provided that the issuer falls within the BRRD directive. |

More specific risks:

Risks may emerge in case of corporate actions (mergers, split, reverse split etc.), where the client must keep any margin deficit, even temporary, under the preserved margin, by additional securities over transferable securities or funds, unless otherwise agreed with the Company.

**Business risk**

Being a shareholder, the investor is the co-owner of the company, and runs the same risks as the businessman. In times of crisis, the value of the shares is reduced, while such value may even become zero, in case of a bankruptcy.

**Dividend Risk**

The dividend may be small, or there may be no dividend in loss-making financial years. Also, there are companies that have as a principle not to distribute dividend.

**Political Risk**

The return of an investment may be affected by changes or instability in the political environment.

**Risk of suspension or limitation of trading**

Circumstances that may be due to the issuer of the share, the market's rules of operation or other variables, which may lead to a suspension or limitation of the trading, making it impossible for the investor to carry out any transactions.

## (d) Bonds, Other Debt Instruments, EMTN

Bond is a security, the issuer of which (borrower) is obliged to pay the investor–purchaser of the bond (lender) the nominal value of his investment (that is, the value stated on the bond), at maturity, as well as interest at specified intervals until maturity, in case of a bond with coupons. The investor, by purchasing bonds, aims at benefiting from the collection of interest and at ensuring a fixed yield to maturity, if the interest rate of the bond is fixed (in case of a bond with coupons), and/or to benefit from a possible increase in the bond's price in the secondary market in order to sell the bond prior to maturity. In accordance with the terms of their issuance, the bonds, in general, are usually considered, depending on the terms of their issuance, as mere investment products, however, the credit risk of each issuer is not eliminated.

**The bonds' basic features** are the following:

Face Value / Par Value: It is the value stated on the bond at the time of issuance, which corresponds to the repayment price, that is, the amount that the issuer promises to pay back to the investor at maturity.

Issue Price: It is the price in which the bond is offered by its issuer, at the date of its issuance. The issuance price may **a)** coincide with the nominal value (issuance price at par), or **b)** be smaller than the nominal value (issuance price below par), or **c)** be greater than the nominal value (issuance price above par).

Buying Price: The price at which the investor buys the bond.

Selling Price: The price at which the investor sells the bond.

Redemption Price: The price in which the issuer repays the investor, prior to maturity.

Interest/Coupon Rate: It is the interest rate at which the bond's issuer borrows, and on the basis of which the coupon is determined. The interest rate may be fixed until maturity or floating, linked with a benchmark.

Accrued Interest: It is the interest that is owed by the issuer but still not chargeable by the investor, which (interest) has been accumulated between the date of last payment and the next payment of a coupon or sale of a bond.

Fair Value: It is the present value of the future cash flows of the bond (remaining coupons and face value at maturity).

Yield to Maturity: The return the investor will gain if he holds the bond until maturity. It is expressed as a percentage.

Quoted Margin: (this is a feature of floating rate bonds): The Quoted Margin is the fixed percentage by which the bond's coupon differs from the reference rate. For instance, if a floating rate bond has a coupon rate of USD 6 months Euribor + 2%, this 2% is the bond's quoted margin, specified when the bond is issued and remains usually fixed to maturity. The Quoted Margin may also be expressed in basis points and not as a percentage rate, where 100 basis points correspond to 1%.

Discount Margin: In floating rate bonds, the discount margin expresses the implied margin of the bond with respect to the reference rate, based on the bond's current price, the quoted margin and the bond's remaining time to maturity. The discount margin varies throughout the bond's lifetime based on the aforementioned factors.

**Other characteristics of the bonds depending on their terms of issuance:**

Zero Coupon Bonds: The bonds are divided in those paying interest periodically (coupon bonds) and in those issued below par value and do not provide for interim interest payments, but only for the payment of face value at maturity (zero-coupon bonds).

Fixed Coupon Bonds: In this case, the interest rate (coupon) is specified at a fixed rate when the bond is issued and remains fixed until maturity.

Floating Rate Bonds/ Notes - FRNs: In the FRNs the interest rate is not fixed and is regularly re-adjusted with respect to reference rate (e.g. Euribor). The reference rate as well as any spread, which is added to or subtracted from the reference rate, are specified when the bond is issued. The interest that the investor receives in each interest period depends on the fluctuation of the reference rate.

Callable Bonds: When a callable bond is issued, its terms of issuance specify that the issuer has the right to "call" it at specific future dates, i.e. the bond can be redeemed prior to its maturity. For instance, if market interest rates or the cost to finance the issuer are significantly decreased with respect to the bond's coupon, then the issuer can exercise the call right at the price and the date specified when the bond was issued.

Putable Bonds: When a putable bond is issued, its terms of issuance specify that the investor has the right to demand from the issuer an early redemption thereof at a predetermined price and at specific future dates prior to maturity. For example, if the issuer does not observe the predetermined financial indexes or other covenants, then the investor can exercise the put right at the price and the date specified when the bond was issued.

Convertible Bonds: Convertible bonds offer the investor the right to convert them to other securities of the same issuer, usually shares. The conversion right may be exercisable by the investor at specified future dates and a predetermined conversion ratio between the bond and the other underlying security and according to predefined procedures.
Structured Bonds: These are bonds, the return or the capital payment at maturity of which, are not predefined but depend on certain linked underlying securities, indexes or other factors. Structured bonds can be classified according to the following characteristics:

- Face Value Guarantee at Maturity: **(a)** 100% guarantee on face value at maturity, **(b)** Partial guarantee on face value at maturity, **(c)** no guarantee on face value at maturity, **(d)** guarantee subject to the occurrence of an event.
- Type of underlying asset: **(a)** Shares or indices, **(b)** Interest rates, **(c)** Exchange Rates, **(d)** Commodities, **(e)** Mutual funds or hedge funds, **(f)** Other instruments (freight rates, indices relating to climate changes, emission allowances, inflation rates or other official economic statistics etc.) and **(g)** Combination of two or more underlying assets.
- Maturity: **(a)** Up to 1 year, **(b)** 1 – 2 years, **(c)** 3 – 5 years and **(d)** Over 5 years.

**With respect to the issuing entity, bonds may be classified in the following categories:**

Government Bonds: bonds which are issued by governments or their respective debt management organisations (e.g. Greek Government, U.S. Government). In this way, governments cover part of their borrowing needs.

Supranational Bonds: Bonds issued by supranational organisations (e.g. the European Investment Bank (EIB)).

Corporate Bonds: Bonds issued mainly by Banks, utility companies and other corporations.

Municipal Bonds: Bonds issued by local government bodies (e.g. municipalities).

**Classification of bonds depending on their Security Rating,** which depends on the priority by which the claims of the bondholders are satisfied in comparison to the other lenders of the issuer, from the issuer's liquidation proceeds.

- Senior Debt Instruments.
- Subordinated Debt Instruments.

Tier 2 Capital.

Lower Tier 2 Capital.

Upper Tier 2 Capital.

Tier 1 Capital.

Lower Tier 1 Capital.

Upper Tier 1 Capital.

**Classification of bonds depending on the Credit Rating of the issuer:** It refers to the rating of the bonds according to the credit risk that they represent, which is basically associated with the economic performance and prospects of their issuer. If an issuer is performing well, then its credit rating shall be high. The higher the issuer's rating, the smaller the risk that the capital will not be returned or that the interest will not be paid. Therefore, the Credit Rating is very important in order to evaluate the risk of a bond. The said credit rating is carried out by companies [External Credit Rating Agencies] the object of which is to rate the solvency degree of the issuers. See below the three leading External Credit Rating Agencies which are active on an international level, and the scales used to rate the bonds (in bold letter, the investment grade categories):

Notes: **(i)** the details that follow were valid as on July 2020, **(ii)** for more information, please see the web-pages here below.

**Standards and Poor's:**

Long term credit ratings: *AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-*, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C, D.

Short term credit ratings: *A-1, A-2, A-3, B, C, D.*

https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352

**Fitch:**

Long term credit ratings: *AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-*, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C, RD, D.

Short term credit ratings: *F1+,F1, F2, F3,* B, C, RD, D.

https://www.fitchratings.com/site/definitions

**Moody's Investors Service:**

Long term credit ratings: *Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3*, Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2, Caa3, Ca, C.

Short term credit ratings: *P-1, P-2, P-3,* NP.

https://www.moodys.com/sites/products/ProductAttachments/AP075378_1_1408_KI.pdf

The aforementioned categorisations are general, and every External Credit Rating Agency may have a more detailed analysis depending on the type of the provided credit (rating of bond, issuer, lending structure etc.).

Ratings are divided into two main categories:
**Investment grade** with a rating from the highest grade (AAA or Aaa) to the lowest grade (BBB- or Baa3), and;

**Non-investment grade or High Yields or Junk Bonds** with a rating up to the bankruptcy or insolvency degree (C or D)

Bonds with a high rating, according to the estimate of the External Credit Rating Agency, do not involve a high risk and, usually, offer lower returns. The bonds with a low rating, according to the estimate of the External Credit Rating Agency, show that the issuer or the particular bond is not “trusted” in terms of creditworthiness, and entails a greater or very significant risk, the result being that the rewarding return required by the investors is higher.

It should be noted that the price of a bonds is affected to a large extent by its credit rating and by any changes to its credit rating which occurs prior to maturity of the bond.

**Notes relating to investing in bonds:**

**a)** The possibility that an issuer will not be able to pay the investor the initial principal and / or the coupons (credit risk), which is the case when the issuer goes bankrupt, cannot be eliminated.

**b)** Usually concerning fixed rate bonds, when interest rates are increased, the price of the bonds decreases. Additionally, usually fixed rate bonds with long maturities and low coupons are more sensitive to interest rate fluctuations than those with shorter maturities and higher coupons.

**c)** In case of an increase at the interest rates, the investor may find himself in a position of having invested a large amount against returns which are smaller than those that he could have achieved if he had invested the same amount under the new circumstances. The greater the repayment period of the bond and the lower its coupons, the greater the said risk.

**d)** Investing in bonds may lead to loss of a portion of the invested capital amount, when the investor sells the bonds prior to their maturity date.

**e)** The prices of structured bonds in the secondary market are also affected by the underlying assets, which may lead to the loss of up to 100% of the invested capital (in case of structures bonds with no capital guarantee) as well as of the return.

## General risks of non-structured and structured bonds:

| | |
|---|---|
| **Price Risk** | Yes, if repaid prior to maturity or if the issuer is in a difficult situation. For example, if the convertible bonds are repaid prior to maturity, as well as after their conversion. |
| **Exchange Rate Risk** | Yes, if the bond has been issued in a currency other than the Euro. |
| **Liquidity Risk** | Yes, depending on the size of the issuance, the volumes of transactions, the issuer and the issuance currency. Structured bonds have a higher risk of liquidity. |
| **Interest Rate Risk** | Yes, depending on the time that remains until maturity. The greater the time remaining until maturity, the greater the possibility for an interest rate increase, which will negatively affect the price of the bonds. |
| **Reinvestment Risk** | Yes |
| **Default Risk** | The issuer of the bond may not be able, temporarily, to pay the coupons, or even the whole invested capital. For example, following a general downward trend in the economy or political developments. |
| **Market Risk** | Yes |
| **Credit Risk** | Yes |
| **Geographic Risks** | Yes |
| **Disinvestment Restriction** | Yes |
| **Risk of Bank's Insolvency / Bail in** | Yes, provided that the issuer falls with the scope of the BRRD directive. |

## More specific risks:

### Early Redemption Risk

In some cases, the issuer may decide an early redemption of the bond, if this is provided for in the terms of issuance. This decision may, for instance, be the result of declining trends of the interest rate: under normal market conditions, if the lending cost is reduced (in relation to the same cost on the issuance date), the issuer shall have the motivation to repurchase the bond (if provided for in the terms of the issuance) at a price which will be lower than the current price, and then to proceed to a new issuance at a lower cost.

### Other Securities

This category includes Hybrid Notes.

Hybrid Notes: These are securities that combine the characteristics of other financial instruments. The investor may receive a dividend, like owning a share, but the note may behave in the secondary market like a fixed income security. These notes are subordinated debt

securities and belong to the category of Basic Own Funds (Tier 1 Capital). Hybrid Notes may, for instance, pay a specific amount of dividend at regular intervals, like a fixed income security, but they may simultaneously include terms that give the issuer the right to omit a payment (like in preference shares) in case of objectively specified economic difficulties.
It is often the case that hybrid notes do not have a maturity date (perpetual notes), like shares, or they have really distant maturity dates (e.g. 100 years), but the issuer has the right to buy them back at predetermined dates (call right of the issuer).

EMTN (Euro Medium Term Notes): Eurobank issues debt instruments (bonds and securities) with a medium to long term maturity through the Euro Medium Term Notes (EMTN) Programme of EFG Hellas plc and EFG Hellas (Cayman Islands) Limited, which are guaranteed by Eurobank. This program has the approval of Luxembourg's Financial Sector Supervisory Commission (Commission de Surveillance du Secteur Financier). Securities issued through the EMTN Program may be classified to one of the categories of bonds or titles mentioned above according to the characteristics of the issuance.

## General risks:

| | |
|---|---|
| **Price Risk** | Yes, if they are sold prior to maturity, if the interest rates go up or if the financial situation of the issuer deteriorates. Moreover, the bonds with no maturity (perpetual notes) are "sensitive" to increases and decreases in the prices of the market. |
| **Exchange Rate Risk** | Yes, if the title has been issued in a currency other than the euro. |
| **Credit Risk** | Yes, depending on the rating of the issuer. Subordinated loans involve higher risks. |
| **Liquidity Risk** | Yes, depending on the size of the issuance, the volumes of transactions, the type of the issuer and the currency. |
| **Interest Rate Risk** | Yes, depending on the remaining time until maturity; if a fairly long period remains until maturity, it is more possible that an increase in the interest rates may result in a reduction in the value of the bond. |
| **Default Risk** | The issuer of the bond may not be able temporarily to pay the coupons, or even the whole invested capital. For example, following a general downward trend in the economy or political developments. |
| **Market Risk** | Yes |
| **Inflation Risk** | Yes |
| **Geographic Risks** | Yes |
| **Disinvestment Restriction** | Yes, in particular during a credit event of the issuer. |
| **Risk of Bank's Insolvency / Bail in** | Yes, provided that the issuer falls with the scope of the BRRD directive. |

More specific risks:

*Investments in hybrid instruments involve the risk of capital or return loss.*

**Early Redemption Risk**

In some cases, the issuer may decide an early redemption of the bond, if this is provided for in the terms of the issuance. This decision may, for instance, be the result of declining trends of the interest rate, or of a lending cost reduction for the issuer.

### (e) UCITS: *Mutual Funds & Investment Companies with Variable Capital (SICAV) (hereinafter each one and jointly, "UCITS")*

Undertakings for the Collective Investment of Transferable Securities (UCITS) are considered to be the undertakings having as their sole object to collectively invest the capital raised from the public in transferable securities and/or in other easily liquid financial assets, which operate on the principle of risk-spreading, while the units or shares thereof, at the request by the unit-holders, are repurchased or redeemed, directly or indirectly, out of those undertakings' assets.

UCITS are governed by the provisions of Directive 2009/65/EC, as amended and in force, which has been transposed to the Greek legal system by L. 4099/2012, as in force.

UCITS may be constituted in accordance with contract law (as common funds managed by management companies), trust law (as unit trusts), or statute (as investment companies).

UCITS having the form of a Mutual Fund is an asset which consists in transferable securities, money market instruments and cash, the individual assets of which belong ab indiviso to more than one unit-holders. A Mutual Fund is not a legal person, and the unit holders are represented, both in court and extra judicially (as regards the legal relations emerging from its management and their rights over its assets) by its management company.

The asset of the Mutual Fund is divided, at any time, into registered units of an equal value, or, provided that the units of the Mutual Fund are not listed on a regulated market, into registered fractions of a unit.

UCITS having the form of an Investment Company with Variable Capital (SICAV) has as its exclusive purpose to manage its own portfolio, and it is not allowed to undertake the management of assets on behalf of third persons. A SICAV may either manage its portfolio itself, or appoint a management company as per the Directive 2009/65/EC. The assets of a SICAV are divided at any time into registered and fully paid up shares of equal value, or, provided that the shares of the SICAV are not listed on a regulated market, they are also divided into registered fractions of a share.

The value of assets of every UCITS and, by extension, the net price of a unit thereof may increase or decrease, as the investments of UCITS are subject to the fluctuations of the market and the risks involved in investments in transferable securities and other allowed investments. There is no guarantee that the target of investment-return will be achieved, and it is possible that the investors may not recover their initial investments.

The determination of the value of net assets of a UCITS, the net price of the unit/share of a UCITS (hereinafter, each one separately and together, “unit”), the issue and redemption price of each unit, are done in accordance with specific rules which are determined by the each time applicable law, and are stated in the regulation or the statutory documents, as the case may be, of UCITS and/or in the Prospectus thereof. The net assets of the UCITS, the number of its units, the net price of the unit, its issue and redemption price, are calculated every business day, and are posted at the website of the management company or of SICAV, as the case may be. The below constitute indicative categories of UCITS having the following basic characteristics which may vary depending on the UCITS’ country of origin, and the each time applicable legislation:

**Money Market UCITS:** their investment purpose is to maintain the value of their initial assets and to provide returns corresponding to to the returns at the money markets, by investing mainly in money market instruments, and by placing their assets into deposits kept in credit institutions.

**Bond UCITS:** they mainly invest in debt instruments.

**Equity UCITS:** they mainly invest in shares.

**Balanced (Mixed) UCITS:** they invest both in debt instrument and in shares.

**Fund of Funds:** they mainly invest in units or shares of other UCITS or other undertakings of collective investments, in accordance with the each time applicable legislation.

**Complex UCITS:** they invest in all the financial instruments as provided for by the each time applicable legislation. They provide management which aims, on the basis of a mathematical formula, at achieving a predetermined return at maturity. *The achievement of the predetermined return is in no way guaranteed.* The predetermined return refers to a specific numbers of scenarios, which are based in the value of the underlying instruments, and provide the unit-holders with different returns depending on the scenario. *Complex UCITS are among the complex investment products.*

**Negotiable UCITS (ETFs):** the units of which are traded on a regulated market, in accordance with the conditions of the each time applicable legislation.

The financial instruments in which the assets of each UCITS may be invested, the investment purpose and the investment policy of the UCITS, the investment limitations, the portfolio risks, the expenses and the changes, are stated, among other things, in the regulation or the statutory documents, as the case may be, of the UCITS and in its Prospectus.

## General risks

See below certain general and special risks that refer to UCITS. Detailed information in relation to the risks associated with the each time UCITS can be found in the Prospectus thereof.

| | |
|---|---|
| **Price Risk** | Yes, depending on the investment of the UCITS and their spreading |
| **Exchange Rate Risk** | Yes, if the UCITS invests in currency other than euro |
| **Credit Risk** | Yes, in particular concerning bond UCITS |
| **Interest Rate Risk** | Yes, in particular concerning Fixed income UCITS, since an increase in the interest rate affects negatively the shares' price. |
| **Dividend Reinvestment Risk** | Yes |
| **Market Risk** | Yes |
| **Inflation Risk** | Yes |
| **Geographic Risks** | Yes, depending on the UCITS |
| **Risk of Bank's Insolvency / Bail in** | Yes, indirectly, provided that the issuer falls with the scope of the BRRD directive. |

## More specific risks

### Risk from the use of financial derivative instruments

UCITS may adopt, within the limits set out on the basis of the relevant investment policy and the applicable investment restrictions, various portfolio management strategies which include the use of financial derivative instruments for hedging purposes or for the purpose of an effective portfolio management. The use of such derivative instruments may or may not achieve its intended objective and involves additional risks inherent to these instruments and techniques. In case of a hedging purpose of such transactions, the existence of a direct link between them and the assets to be hedged is necessary, which means in principle that the volume of deals made in a given currency or market cannot exceed the total value of the assets denominated in that currency, invested in this market or the term for which the portfolio assets are held. In principle no additional market risks are inflicted by such operations. The additional risks are therefore limited to the derivative specific risks. In the case of transactions which aim at an effective management portfolio, the assets that are kept in the portfolio will not necessarily cover the derivative. Therefore, essentially, UCITS can be exposed to additional risks. Moreover, UCITS incurs specific derivative risks amplified by the leverage structure of such products (e.g. volatility of underlying, counterparty risk in case of OTC transactions, market liquidity, etc.). In case of OTC Swaps used in Complex UCITS, the counterparty risks can be reduced by signing Credit Support Annexes with the Counterparty/ies. In case of default of the Counterparty/ies, the UCITS might attempt to replace the defaulting Counterparty with a new Counterparty at prevailing market conditions and bearing any replacement cost associated with the default of the initial Counterparty.

**Management Risk**

The return of a UCITS depends, *inter alia*, on the abilities of the administrator, as well as on the quality of his investment decisions.

**Custody Risk**

The risk of loss of assets held in custody due to acts or omissions of the custodian or even due to fraud in the case that the custodian to whom the custody of the assets has been assigned, becomes insolvent.

**Settlement risk**

This is a special form of credit risk and emerges from the improper fulfillment of obligations of the counterparties who participate in payment systems and in settlement systems of transactions on financial instruments, for instance, when one of the transacting parties does not deliver the instruments that it has sold and which it must deliver, or, in case of a purchase, when such transacting party does not pay the price of the instruments.

**Counterparty risk**

This is the risk that the counterparty shall not fulfill his contractual obligations and shall not pay the amount owed on time. For instance: an investor must examine the quality of the securities' issuer, that is the ability of the issuer to pay or repay (as the case may be) or, moreover, in case of an option contract, the risk that the purchaser shall exercise the option, while the seller (writer) of the option shall not fulfill his obligations deriving from the contract.

**Liquidity risk**

Liquidity risk is a financial risk and is caused by a possible lack of liquidity in the market as regards one or more financial instruments. Lack of demand and supply affects the marketability of financial instruments and renders such instruments vulnerable to speculation and manipulation, thus adversely affecting the achievement of a "fair price". Liquidity risk is mainly present in emerging markets or markets with low transaction volumes ("shallow markets").

**Concentration risk**

This is the risk undertaken by the investor who places all of his investments in one financial instrument only. It is the opposite of risk diversification, when the investor places his available assets in more financial instruments and, more importantly, with different characteristics, which also have complementarity.

*UCITS do not have a guaranteed return; past return does not ensure future return.*

### (f) Structured Products

Structured Products consist in a number of financial instruments that have different payment terms and risk characteristics. Structured products can be indicatively classified according to the following criteria:

Capital guarantee at maturity: **(a)** 100% capital guarantee at maturity, **(b)** Partial capital guarantee at maturity and **(c)** No capital guarantee at maturity.

Type of underlying asset: **(a)** Shares or indexes, **(b)** Interest rates, **(c)** Exchange Rates, **(d)** Commodities, **(e)** Mutual funds or hedge funds, **(f)** Other financial instruments (freight rates, indices relating to climate changes, emission allowances, inflation rates or other official economic statistics etc.) and **(g)** Combination of two or more underlying assets.

Maturity: **(a)** Up to 1 year, **(b)** 1–2 years, **(c)** 3–5 years and **(d)** Over 5 years.

Form: Structured products may take the form of a bond.

A specialized structured product offered by the Bank is the following:

**Dual Currency:** This is an investment product that has a short maturity and consists of:

i. A time deposit in combination with

ii. an option on an exchange rate (e.g. the EUR/USD), which the investor sells to the Bank.

At maturity, the investor collects a higher interest on the invested currency ("investment currency") compared to a simple time deposit but simultaneously the Bank maintains the right to pay off the initial investment amount in the second currency ("alternative currency") at maturity at a predefined strike price. The Dual Currency product guarantees the interest on the investment currency, but does not guarantee the capital investment currency at maturity. In any case, the interest is paid in the principal currency ("investment currency"), while the currency in which the pay-off is delivered depends on the exchange rate (e.g. EUR/USD), as it is shaped in the spot market, one business day prior to maturity with regards to the exercise price of the transaction. This product entails the risk of a significant loss of the invested capital (at maturity, in terms of valuation in the investment currency) or at maturity in case of repayment in the alternative currency (adverse effects on yields).

**General risks:**

| | |
|---|---|
| **Price Risk** | The prices of the structured products are affected also by the underlying assets, which can lead to a loss of up to 100% of the initial investment capital (in case of structured products without capital guarantee). |
| **Exchange Rate Risk** | Yes, the exchange rate may fluctuate in significantly negative terms for the investor, in which case the capital at maturity will be paid in the alternative currency. |
| **Liquidity Risk** | Yes, depending on the size of the issuance, the volume of the transactions, the type of the issuer and the currency. Yes, but limited. |
| **Default Risk** | The issuer or the guarantor of a structured product may not be able, temporarily, to pay the coupons or even to repay the invested capital. |
| **Interest Rate Risk** | Yes |
| **Market Risk** | Yes |
| **Geographic Risks** | Yes |
| **Risk of Bank's Insolvency / Bail in** | Yes, indirectly, provided that the issuer falls with the scope of the BRRD directive. |

## (g) Derivative Products

Derivatives are financial instruments the value of which is based on, derives from, or follows, the value of other products, financial or not, which act as benchmarks, the so-called underlying assets. Indicative underlying assets may be exchange rates, interest rates, shares, bonds, stock exchange indices, commodities, other instruments (e.g. freight rates, climate variables, emission allowances, inflation rates or other official economic statistics etc.), assets or even credits.

Derivatives are classified:

- Depending on the type of rights and obligations that the counterparties acquire, indicatively, in: swaps, futures, forwards, options;
- Depending on the type of the underlying asset (foreign currency, interest rates, financial indexes and so on);

- Depending on whether they are traded on regulated markets or are concluded "over the counter" (OTC derivatives), and
- Depending on whether the settlement is in cash or in kind.

For the conclusion of transactions on derivatives, it is required to sign a special contract. The conclusion of derivatives over the counter (OTC) is only feasible through the Bank, being the counterparty, and usually requires the signing of complex contractual documents, possibly of foreign law (for instance, ISDA). The derivative contract sets out the rights and obligations of the contracting parties with regards to their mutual demands which are shaped on the basis of the price of the underlying asset on a certain date or at regular intervals in the future.

Derivative products are used by the investors mainly for the following purposes:

**Hedging:** Those who invest in derivatives may aim at hedging existing or future risks which may arise from other investments in money market instruments or from other undertaken obligations (e.g. an investor on the Athens Exchange Equities Market, who wants to reduce the market risk that derives from price downward trend, may open an offsetting hedging position on the Derivatives Market).

**Speculation:** Derivatives investors may aim at generating profit (speculation). In this context, they use financial instruments according to their expectations about market performance to generate profit while always undertaking the relevant risk. A significant characteristic of derivative instruments is that they allow investors to hold positions the value of which is a multiple of the amount invested (leverage), increasing the undertaken risks accordingly.

**Arbitrage:** Derivatives investors may aim at generating profit without taking any market risk, in the context of simultaneously doing opposing transactions, by taking advantage of short-term discrepancies in market prices, i.e. possible differences in prices of the same financial instrument in two or more different markets (arbitrage). Arbitrage requires the execution of several transactions within a limited timeframe, and therefore only investors who have a deep knowledge of the markets and have direct access to trading systems and extremely low or zero transaction costs, can engage in it.

*All derivative products are included in the category of complex products, pursuant to the existing procedures of the Bank.*

*See below, the main general and special risks with regards to derivative financial instruments. Information on the risk category for each specific derivative can be found in the corresponding Information Pack.*

## General risks of derivatives:

| | |
|---|---|
| **Price Risk** | Yes, depending on the underlying asset, for instance an option may completely lose its value. |
| **Exchange Rate Risk** | Yes, if the underlying asset is about currency exchange or if the payment is made by the client in foreign currency. |
| **Liquidity Risk** | Yes |
| **Interest Rate Risk** | Yes, depending on the duration and the structure of the product. |
| **Market Risk** | Yes |
| **Operational risk** | Yes |
| **Geographic Risks** | Yes |
| **Disinvestment Restriction** | Yes |
| **Systemic Risk** | Yes |
| **Non Systemic Risk** | Yes |
| **Inflation Risk** | Yes |

## More specific risks:

### Basis Risk

The risk of deviation between the prices of derivatives and the prices of their underlying assets due to the circumstances or the operating rules of the derivatives market or the underlying assets market.

### Counterparty Risk

The risk for the client deriving from the possible failure, on the part of the Bank, to meet its contractual obligations emerging from the financial instrument throughout its term.

### Risk of trading suspension or restriction

The circumstances and/or the implementation of the rules of certain market (such as suspension in trading) may make the liquidation/ closing of a position difficult or impossible, thus increasing the possibility of damage for the client.

### Risk of incomplete hedge

The client is subject to this risk when the transactions on derivatives aim at hedging his risk from transactions on the underlying asset, but his position in derivatives is not completely matched with the position in the underlying asset.

### Volatility risk

There is a risk of a change in the value of a derivative, due to the rate of change estimated by the market as regards the underlying asset, on the price of which the value of the derivative depends. This mainly applies to options.

**Leverage risk**

The amount paid by the client for the opening of a position in certain derivatives (for instance, margin in futures) is a small percentage on the total value of the contract, and thus there is leverage in the actions. A relatively small movement in the market will have a proportionately much larger effect on the capital that has been paid or must be paid, and other capital will be required to maintain the position. It is possible that the client may suffer a total loss of the capital that he has paid to open and maintain a position.

**Risk from complex orders**

When a simultaneous order is required in two or more products for the implementation of an investment strategy, and such order is not supported by the automatic transactions' systems, it is possible, due to a partial execution, that the exact levels of price will not be achieved, and that the strategy will not be successfully executed.

**OTC Derivatives**

The placement or investment in OTC derivatives involves high risks since **a)** the client cannot distribute them on a regulated market, **b)** the transactions normally involve high amounts, **c)** the structure and characteristics of these derivatives may be fully individualised, and **d)** the early termination or the expiry thereof may have a particularly high cost for the client.

See below, more specific information for the main categories of derivatives products:

**I. Futures**

Futures are bilateral contracts whereby the purchase or sale of an underlying asset at a specific quantity at a specific future date for a specific price, is agreed.

Futures are exchange-traded derivatives instruments, i.e. financial instruments with standard terms that are listed on regulated markets. They are used for hedging, speculation and arbitrage.

Every regulated market / derivatives stock exchange has a clearing house, the aim of which is the clearing of derivative transactions and the assurance that both counterparties will fulfill the obligations that derive from those transactions, which, for that purpose, operates as a central counterparty of the investors. The clearing house of the Athens Derivatives Exchange is the Athens Derivatives Exchange Clearing House (ADECH).

With respect to the underlying asset, futures can be classified into the following types:

- **Index futures:** futures the underlying asset of which is a stock exchange or financial index.
- **Stock futures:** futures the underlying asset of which is a listed stock.
- **Currency futures:** futures the underlying asset of which is a currency exchange rate (currency pair).
- **Bond futures:** futures the underlying asset of which is a bond.
- **Commodity futures:** futures the underlying asset of which is a commodity.

Some fundamental terms relating to futures are:

Contract size: The size of the contract sets the quantity of the underlying asset to which the relevant contract refers.

Expiration date: The expiration date of the contract.

Price of the contract: The trading price of the contract, i.e. the price at which the future is bought/ sold.

Settlement price: The clearance price of the contract, announced daily by the clearing house.

Margin: The margin is the cash or transferable securities that are paid or delivered to/from the clearance house and are used as a security in the case that the investor is unable to fulfill the obligations deriving from the daily settlement process of his transactions. It is divided into:

- Initial margin: The amount required by the clearing house when a transaction takes place.
- Variation Margin: In the case that the value of the assets used as initial margin falls under a predetermined limit, the derivative contract holder is obliged to deposit the amount of the difference (margin call); otherwise the clearing house will proceed to the liquidation of the contract.

To minimize losses due to breaches of obligations on the part of the investor, futures are marked to market daily. The fluctuations in the price of each contract are calculated daily and the profits or losses (daily settlement margins) are credited or debited to the investor's account.

As far as futures listed on the ATHEX Derivatives Market are concerned, the Athens Derivatives Exchange Clearing House (ADECH) calculates the investors' initial margins and the daily settlement margins using the RI.VA. (Risk Valuation) calculation algorithm. RI.VA. is based on the calculation of the maximum negative change of an open position due to the fluctuation in the price of the underlying asset within the time required from ATHEX to cover any damages from the closing of this position in the market.

Risks:

The investment risk from these products is particularly high, and the investor is required to possess specialised knowledge and experience in order to be able to monitor the derivatives markets' volatility. It is noted that, in purchasing a futures contract, the maximum damage that can potentially be suffered by the investor equals the nominal value of the contract while, respectively, in case of a sale, the maximum damage that can potentially be suffered by the investor is limitless.

The aforementioned General and Special risks apply also for Futures Contracts. A futures contract also involves risks that apply to the each time underlying asset thereof, for instance, if the underlying asset is an exchange rate, then there is also an exchange rate risk.

**II. Forwards**

Forwards are bilateral contracts which relate to the purchase / sale of a specified quantity of an underlying asset at a specified time in the future and at a specified price. Forwards are similar to futures, their main difference being that forwards are not traded on regulated markets but are over-the-counter instruments.

As a result, forwards, unlike futures, do not have standardised features, but are flexible instruments that can be customized to meet the investors' needs, following a bilateral agreement. Thus, forwards do not have a standard contract size, maturity, margin account or daily mark-to-market. The price at which the underlying asset is bought/ sold is the forward rate of the instrument at the time the contract is drawn. When the forward is created, it has a zero value and therefore there is no monetary exchange between the seller and the buyer. Despite this, the Bank may request one-off (or not) securities from the counterparty in order to cover a potential risk of default on the part of the counterparty at maturity.

Forwards are used for hedging, speculation or arbitrage purposes.

With respect to the underlying financial instrument, forwards can be classified to the following types:

**Index forwards:** forwards the underlying asset of which is a stock exchange or financial index.

**Stock forwards**: forwards the underlying asset of which is a listed market share.

**Bond forwards:** forwards the underlying asset of which is a bond.

**Forward Rate Agreements:** (FRAs): forwards the underlying asset of which is a reference rate, such as EURIBOR, LIBOR, etc.

**Commodity forwards:** forwards the underlying asset of which is a commodity.

**Currency forwards:** forwards the underlying asset of which is a currency exchange rate (pair of currencies). Currency forwards are typically used by investors that need to manage exchange rate risk, such as corporations that borrow in foreign currency, import-export companies, companies that have capital inflows from abroad in foreign currency and shipping companies with expenses in Euros and revenues in US Dollars.

The most widely used currency forwards offered by the Bank are:

**Forward foreign exchange contracts:** An agreement that secures a fixed exchange rate on a predetermined future date.

**Flexible Forwards:** An agreement that secures a fixed exchange rate with a flexible schedule of partial or total settlement.

Risks:

The investment risk from these products is particularly high, and an investor is required to possess specialised knowledge and experience in order to be able to monitor the fluctuations of the derivatives market.

The aforementioned General and Special risks apply also for the Forward Contracts. Forwards bear in particular the counterparty risk due to the absence of a central counterparty – clearance house. Being OTC and non-standardised derivatives, they also bear a high level of legal risk.

Finally, a forward also involves risks that apply to its each time underlying asset, for instance, if the underlying asset is an exchange rate, then there is also an exchange rate risk.

**III. Options**

Options are bilateral contracts that convey to one of the contracting parties the right (but not the obligation) to purchase or sell the agreed underlying asset, against a premium, at a specified price (strike price) at a future point in time, on condition that such counterparty shall have proceeded in time to a unilateral declaration vis-à-vis his counterparty, within a specified time or within a defined deadline.

More specifically, the purchaser of the option pays the premium and acquires the right (not the obligation) either to purchase (call option of purchaser) or to sell (put option of purchaser) the underlying asset. On the other hand, the seller of the option collects the premium and undertakes to fulfill his obligations from the exercise of the right by the counterparty which has purchased the option.

**i)** Indicatively, the underlying assets may be commodities, currencies, interest rates, stock exchange indices. Options are used for hedging, speculation and arbitrage purposes. Options are derivatives that may be exchange-traded (listed), i.e. financial instruments that have standardised terms (standardised contracts) and are traded on a regulated market; or, over-the-counter (OTC), i.e. instruments that are traded outside regulated markets and they are intended to match the particular needs of every client, and their terms and characteristics are agreed by a bilateral agreement.

Some of the fundamental terms relating to options are the following:

Type of option: Call option or put option.

Strike Price: The price at which the buyer of a call or put option may choose to exercise his right to buy or sell the underlying asset, respectively.

Expiration Date: The date when the option expires (i.e. the last date on which the option can be exercised).

Settlement Date: The date on which the settlement of the option takes place, either via physical delivery (i.e. by exchange of the underlying asset for cash) or via cash settlement, by paying cash to the buyer of the option (cash settlement), concerning the difference between the strike price and the then current price of the underlying asset at the date of exercise (provided that this is to the benefit of the purchaser of the right). The settlement date is usually two business days after the option expiration date.

Contract Size: The quantity of the underlying instrument which the contract relates to.

Premium: the cost of acquiring the call or put option.

Style of exercise: They are divided into American and European type of options. American type of options may be exercised at any time until the Date of Maturity (incl.), while the European, on the Date of Maturity only.

Depending on the type of the underlying asset, options may be classified into the following categories:

**Index option:** An option, the underlying asset of which is a stock exchange index.

**Stock option:** An option, the underlying asset of which is a quoted share. In the Athens Derivative Exchange only American style equity options are available.

**Currency option:** An option the underlying asset of which is an exchange rate (pair of currencies).

**Interest rate option:** An option the underlying asset of which is a reference rate, such as EURIBOR, LIBOR, etc.

**Commodity option:** An option the underlying asset of which is a commodity, such as gold, oil, etc.

Risks:

The aforementioned under 6 General and Special risks apply also for the Options. Moreover:

Listed options involve the same risks, plus the counterparty risk due to the absence of a central counterparty – clearance house. Also, being OTC non-standardised derivatives, they bear a high degree of legal risk.

The risk assumed by the buyer of the option is limited to the loss of the premium. On the other side, the risk undertaken by the seller of the option is particularly high and, in case of a Call, the risk may become limitless.

**ii)** The Bank offers also financial instruments that consist in a synthesis of positions in options (options strategy, OTC derivatives) which are addressed to investors in need of managing exchange rate risk, such as corporations that borrow in foreign currency, import-export companies, companies that have capital inflows from abroad in foreign currency and shipping companies, with expenses in euros and income in dollars.

The Bank also offers financial instruments which consist in a synthesis of positions in options for the management of interest rate risk of enterprises that have taken loans. The Bank may consider special hedging transactions which meet the particular needs of the client, in accordance with the each time market circumstances and the client's individual characteristics.

The aforementioned products are complex and structured and, therefore, involve a high degree of risk, and require specialised knowledge about the markets and investment, as well as a relevant experience. Finally, since the investor's counterparty in such contract is the Bank, the investor also bears the Bank's credit risk.

**IV. Swaps**

Swap is a bilateral contract by which the parties agree to exchange one stream of cash flows against another stream based on a predetermined nominal amount of a specific currency at predetermined periodical dates until the maturity date of the contract.
Swaps are OTC instruments and are usually used for hedging, speculation or arbitrage.

Swaps are classified as per below:

**Interest Rate Swaps:** Swaps that are used for hedging the risk from interest rates. The client makes periodic payments in specified dates on the basis of an interest rate index (for instance, fixed interest rate) and receives payments on the basis of another index (for instance, reference floating interest rate) on a determined notional capital, for each period until termination of the contract.

**Currency Swaps:** Swaps involving two different currencies that are offered for hedging foreign exchange and interest rate risk.

**Commodity Swaps:** Swaps the payment of which is based on the return of indices on commodities and are offered for hedging from commodities' price volatility.

**Freight Rate Swaps:** Swaps the payments of which are based on freight rate indices for transporting goods by sea.

The Bank also offers complex and structured products of the Interest Rate Swaps category, on the basis of the needs and the individual characteristics of the client.

The Bank usually requires that the client provides securities for the conclusion of such contract.

Risks:

The investment risk from these products is particularly high, and an investor is required to possess specialised knowledge and experience in order to be able to monitor the fluctuations of the derivatives market.

The aforementioned under 6 General and Special risks apply also for the Swaps Contracts. Swaps involve mainly the following risks: market risk, interest rate risk, basis risk, and the more special leverage risk. Moreover, these products involve a particularly high risk also due to their long duration (usually 5 years or more).

Finally, a swap involves also risks that apply to its each time underlying asset, for instance, if the underlying asset is an exchange rate, then there is also an exchange rate risk.

## 5) Investment Services Offered

In addition to purely banking services, the Bank may also provide investment services. The Bank is licensed to provide the investment services mentioned here below.

### 5.1 Investment Services and Activities

1) Reception and transmission of orders on behalf of clients in relation to transactions on one or more financial instruments.
2) Execution of orders on behalf of clients, which consist in the intermediation, the conclusion of agreements for the purchase or sale of one or more financial instruments on behalf of clients, including the conclusion of agreements for the sale of financial instruments that are issued by an investment company or a credit institution at the time of their issuance.
3) Transactions on own account which consists in trading against the Bank's proprietary capital resulting in the conclusion of transactions in one or more financial instruments.

4) Portfolio management which includes managing portfolios including one or more financial instruments in accordance with mandates given by clients on a discretionary client-by-client basis.

5) Provision of investment advice consisting in the provision of personal recommendations upon the client's request or upon the Bank's initiative in relation to one or more transactions that refer to financial instruments.

6) Underwriting of financial instruments and/or placement of financial instruments on a firm commitment basis.

7) Placement of financial instruments without a firm commitment basis.

**Ancillary Services**

1) Safekeeping and management of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.

2) Granting credits or loans to an investor to allow him carry out a transaction in one or more financial instruments, where the Bank granting the credit or loan acts as an intermediary.

3) Providing advice to companies on capital structure, sector-based strategy and related matters, and advice and services relating to companies' mergers and acquisitions.

4) Foreign exchange services provided these are connected to the provision of investment services.

5) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

6) Services relating to underwriting.

7) Investment services and activities as well as ancillary services concerning the underlying instruments of derivatives that are provided for by the each time applicable legislation concerning markets in financial instruments where these are connected to the provision of investment or ancillary services.

## 5.2 Orders involving Listed Investment Products

All the orders concerning the trading of financial instruments that are listed on a regulated or non-regulated market, shall be entered into special trading systems operating in the markets. It should be noted that not all types of orders are available in all markets or through all transmission channels. The investor must be informed as to whether the type of order that he wishes to give is supported by the trading system where his order shall be executed.

The orders for the purchase / sale of financial instruments must include various details such as, manner of execution, financial instrument, number of units, price, account of client, manner of payment etc.

With regards to the price, the order may be:

**Market Order:** it is the order stating the desired quantity of the units of the financial instrument, without, however, stating a maximum or minimum price limit to which the transaction is to be executed. This order shall be executed instantaneously in any prices existing at that time in the market, until completion of the quantity of the order. If not all the quantity of the order is covered due to the fact that there is no other available quantity of instruments in the market, the part of the order that is not executed shall be cancelled by the system. Especially in the case that the purchase/ sell order has been entered prior to the session and, at the time of opening, it is not executed fully, the unexecuted remainder shall be converted to a “limit order” at the opening price of the financial instrument.

It is clarified that certain markets may not support this kind of orders or may have rules to convert the market orders into limit orders in order for the clients to be protected from an uncontrolled execution of their orders in extreme ways. The client must monitor his order and Eurobank shall not be liable in the case that such order is not executed due to an automatic conversion thereof, as per above.

**Limit Order:** it is the order which precisely specifies the desirable quantity and price (higher price for purchase orders, lower price for sell orders) of the financial instrument to which the order refers, and such order applies until the end of the trading day.

**At the Open Order:** it is the order which specifies the desirable quantity of the financial instrument to which the order aims, but sets as desirable price the opening trading price of the financial instrument. If at the starting time of trading there is no available quantity of financial instruments at the market so as to cover the total quantity of the order, the unexecuted remainder shall be converted to a limit order at the opening price.

**At the Close Order:** it is the order which specifies the desirable quantity of the financial instrument to which the order aims, but sets as desirable price the closing price of the instrument concerning trading of the financial instrument. If at the time of closing there is no trading as regards the financial instrument or there is no available quantity of financial instruments at the market in order to cover the total quantity of the order, the unexecuted remainder shall be converted to a limit order at the closing price until the end of trading day.

With respect to the duration of the order, the following order types exist:

**Rest of the Day:** an order that is valid only for the current session.

**Good till date:** an order that is valid until a particular date.

**Good till cancelled:** an order that is valid until its cancellation.

The entering of an order for a duration of time does not ensure at all times that the order shall remain activated on the orders' book, as there may be restrictions that will render the order inactive or invalid.
Specific Condition is the additional term of the order, which should be met in order for the system to allow the transaction to be executed (such as stop, fill or kill condition, etc.).

## 5.3 Provision of Investment Advice

Eurobank also offers advisory services to clients on a Non-Independent basis. The Bank, after obtaining all necessary information regarding the knowledge, experience, investment objectives and risk tolerance of the client and creating the client's investment profile (Suitability Assessment), provides by any means the client with a personal recommendation regarding the appropriate or not, according to the Bank's judgment, portfolio allocation or a recommendation to buy, sell, subscribe for, exchange, redeem, hold or underwrite a particular investment product or to exercise a right conferred by a particular investment product to buy, sell, subscribe for, exchange or redeem an investment product.

**Note**

For more information with regards to the said service, the client may visit https://www.eurobank.gr/en/mifid/.

## 5.4 Portfolio Management

Eurobank also offers Portfolio Management services. The Bank ensures that each client's portfolio corresponds to the latter's knowledge and experience in the field of investments in relation to the specific type of product or service, concerning the client's financial situation, including his ability to bear losses, and also in relation to his investment objectives including risk tolerance (Suitability Test) in accordance with the information received from the client.

Eurobank manages the client's portfolio on a discretionary basis without the need to communicate in advance with the client for each individual transaction, provided that the previously agreed limits and restrictions for each type of portfolio kept by the client, are observed, and, in certain cases, provided that the specific instructions given by the client are observed, as set out in the contract concluded with each client and in the each time Suitability Questionnaire that he has completed.

Since February 1st, 2005 the Bank has officially (through a contact) assigned 100% of the management of its clients' portfolios to its subsidiary, "Eurobank Asset Management".

The Bank, based on the experience of "Eurobank Asset Management SA" in the Greek and International money and capital markets, offers investors the ability to allocate the investment risk, enriching their portfolios with a number of financial instruments that are available in Greek and International markets; the management of the each time portfolio shall be done by professional managers.

**Management Objectives – Risk Levels**

The Suitability Test shall determine the type of portfolio which is suitable for each client. Each portfolio type invests in specific financial instruments with determined percentage ceilings and in a specific currency which applies to the whole portfolio. The Bank shall allocate each portfolio type into categories depending on the risk level that may be undertaken by the client.

**Types of Financial Instruments that may be included in the managed portfolio and types of transactions on Financial Instruments**

The financial instruments that can be included in the portfolio per category of investment may be the following:

- Cash Equivalents, Debt and Related Instruments: Repos, Reverse Repos, Debt Instruments of Greek Public Sector, of the Bank of Greece, or international organisations and of other, high quality (at least BBB-) issuers, Units of Greek or foreign UCITS and Derivatives.
- Shares & Related Instruments: Quoted shares (or shares that will be listed in the stock exchange), Units of Greek or foreign UCITS and Derivatives

The aforementioned first category of investment may include Time Deposits.

The types of financial instruments that can be included in each type of portfolio, the percentage limits per investment category, as well as the types of transactions, are specified in the Portfolio Management Contract concluded between the client and the Bank. Moreover, the Contract shall include other management objectives, the level of risk and any special restriction. The types of transactions that can be carried out with regards to the financial instruments of the managed portfolio are mainly purchases and sales on the aforementioned financial instruments.

**Method – Frequency of Valuation of the Portfolio's Financial Instruments**

All the financial instruments included in the client's managed portfolio are evaluated on a daily basis according to the valuation policy of "Eurobank Asset Management" (hereinafter, "Valuation Policy").

Specifically, for the valuation of quoted shares and derivatives, the closing prices, officially announced in each regulated market, are used. For the valuation of financial instruments that are not negotiable on a regulated market, the each time more suitable provider of Bloomberg is used.

With regards to bonds, the valuation of the portfolios is published by an information provider and emerges on the basis of the weighting of the prices provided by more than one trader who activates in the Bloomberg electronic data bank.

When this is not feasible due to the fact that no price is offered by an acknowledged provider, then, depending on the financial instrument, an adjusted price is calculated on a daily basis, on the basis of the each time more suitable internal valuation model.

For the valuation of units of Greek or foreign UCITS, the net unit price is used, as formed on a daily basis, and as announced by the Management Company of the each time UCITS.

In any other case, the different steps for the acquisition of the price are followed, pursuant to the Valuation Policy.

**Benchmarks for Portfolio Performance**

It may be agreed that, for every type of portfolio, there may be a specified benchmark by which the client's portfolio performance is compared.

**Transfer of a Portfolio under Management**

It is pointed out that in certain cases, taking into account the specific characteristics of the financial instruments under investment, it may not be possible to transfer the portfolio under management as regards the whole or part of the financial instruments or funds that are included in the portfolio. In these cases the portfolio needs to be liquidated.

The Bank, in good time prior to the conclusion of the portfolio management agreement, shall notify the existing or prospective client, as the case may be, with regards to the required information provided for by the each time applicable legislation.

**Clients' Notification**

The clients shall be notified by the Bank, periodically, by means of a durable medium, (unless the period notification is provided by another person):

- At the end of every month, of the valuation of their portfolio.

- At the end of every calendar quarter, unless otherwise provided for by the each time applicable legislation or unless otherwise defined by a contract, for all the transactions that have been carried out in their each time portfolio, of the valuation of their portfolio as well as the performance thereof during the reference period. This information includes, as the case may be, all the information that is required by the each time applicable legislation.

Exceptionally:

- At the end of the business day on which the valuation of the total value of the managed portfolio, as the latter has been evaluated on the beginning of each reference period, is devalued by 10% and, henceforth, by multiples of 10% or, at the latest, until the closing of the following business day, if the excess of the limit took place on a non-business day.

The clients using the e-Banking service, by means of a specific access code, may be informed by means of monthly statements as regards the valuation of their portfolio as on the last business day of the reference month. Moreover, at the end of every calendar year, the transactions' confirmations for the whole year of reference shall be dispatched.

**Note**

For more information with regards to the available types of portfolios, the currency of the choice, the level of undertaken risks, any benchmarks and fees, the client may visit https://www.eurobank.gr/en/mifid/.

## 5.5 Safekeeping the Clients' Financial Instruments and Funds

The Bank provides to its clients, itself or by means of third persons, services of safekeeping and managing financial instruments for the account of clients, including custodianship and related services such as cash/collateral management. The Bank may provide services concerning the opening and safekeeping of financial instruments' accounts, similar to the above.

The Bank may deposit financial instruments that it holds on behalf of its clients into an account(s) that has/ve been opened by a third person, provided that due skill, care and diligence has been shown when selecting and appointing the third person; the Bank shall periodically check the third person and the provisions that such person implements with regards to the possessing and safekeeping of the said financial instruments, the Bank being liable only for fault in selecting such third person. In order for the Bank to use third persons to deposit the financial instruments given to the Bank for safekeeping purposes, it selects and appoints the third party - custodian through a specific internal process, taking into account a range of criteria and conditions. The Bank always takes into account the specialisation and reputation of the third person in the market, as well as any legal requirements that relate to the possession of financial instruments, which could negatively affect the rights of its clients. The Bank may use a third person only in a country where the safekeeping of financial instruments on behalf of another person is subject to special provisions and supervision, and this third person is subject to specific provisions and supervision.

The Bank does not deposit financial instruments in a third country where the holding and safekeeping of financial instruments on behalf of another person, is not regulated, unless one of the following conditions is met:

**a)** The nature of financial instruments or of the investment services linked with those instruments requires them to be deposited to a third person in that third country, or;

**b)** The financial instruments are held on behalf of a professional client, and that client has requested the Bank in writing to deposit them to a third person in a third party.

For safekeeping purposes, the Bank deposits foreign financial instruments to third custodians abroad, in its name, in omnibus accounts, and on behalf of multiple clients, at the expense and under the responsibility of its clients. Depending on the local rules of operation of each market/local depository, the Bank clearly separates its assets from those of its clients, that is, it maintains at least one account on its own (own portfolio) and one collective account for the clientele. In every case, the Bank specifies in its books the financial instruments that correspond to each client.

The Bank warns the clients that the aforementioned safekeeping of financial instruments or funds by a third custodian entails risks which are exclusively undertaken by the clients, such as, in particular, custody risks in case of a custodian who fails to observe its obligations or becomes insolvent, which may result in that the financial instruments or funds that are under custody are not being recovered, or that their return is being delayed. Moreover, the Bank warns the clients that the aforementioned safekeeping of financial instruments or funds in collective accounts may restrict their right to demand, any time or not at all, a direct ownership on the financial instruments or to exercise, in whole or in part, rights deriving from them.

In the case that the accounts where financial instruments or funds of its clients are kept, are governed by the legislation of a third country, outside the European Union, the Bank shall point out to its clients that their rights may differ accordingly.

The Bank notifies the client in relation to the existence and the terms of every right in rem or security that the client has or could have over the financial instruments or funds, or in relation to any right to offset that the client has in relation to the said instruments or funds.

The Bank notifies the client of the fact that a third custodian may have a right in rem, a security or a right to offset concerning the client’s financial instruments or funds or in relation therewith.

The Bank shall not conclude agreements with retail clients on the provision of financial security by transmission of title, for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients. The said agreements are allowed to be concluded with clients that belong to another category, on the basis of the Bank's categorisation policy, and only under strict conditions that are set out by the applicable legislation, and provided that the Bank shall have pointed out to the clients the risks that are involved in these agreements and any consequences to their financial instruments and funds.

Prior to the conclusion of securities' financing transactions for financial instruments kept on behalf of a client or prior to a different use of such financial instruments on the Bank's own account or on behalf of another client, the Bank provides to the said client, by means of a durable medium and in due time prior to the use of such instruments, clear, full and accurate information as regards the Bank's obligations and duties concerning the use of financial instruments, including the terms on their return, as well as with regards to the relevant risks. Prior to any such agreement, the client must have given his explicit written consent, which will be executed by consensus, by means of a signature or by an equivalent manner, and the said agreement shall be limited to the terms with which the client has consented.

The aforementioned provided services shall be specified in the each time custody agreement that is concluded with the client.

### 5.6 Protection of the Clients' Financial Instruments and Funds

The Bank, in order to ensure protection of the financial instruments and funds that it holds on behalf of its clients, shall take, apart from the above, the measures summarised here below:

- The Bank shall keep the necessary files and accounts in order to be able, at any time and without delay, to separate the assets held on behalf of one client from the assets kept on behalf of any other client, as well as from the Bank's own assets.
- The Bank shall keep the files and accounts of the clients in a way that ensures accuracy and, in particular, their correlation with the financial instruments and funds held on behalf of clients.
- The Bank shall implement detailed procedures and shall check periodically the movement of the financial instruments' accounts by reference to the orders of the client, as well as whether the accounts and files kept by the Bank agree with the accounts and files kept by third persons who possess the assets of the clients, as well as with the clearance systems.
- The Bank shall take all necessary measures to ensure that the client's financial instruments that have been deposited to a third person (custodian or clearance system), are separated from the financial instruments that belong to the Bank, and from the financial instruments that belong to that third person; this is achieved by the use of accounts in different names in the books of the third person, or by the use of other

equivalent measures by which the same level of protection will be achieved. If, on the basis of the applicable law of the third person, it is not possible to separate the financial instruments of the client from those of the third person or the Bank, the Bank shall warn the client in a clear manner as regards the risks that this involves. In the case that the Bank is based on equivalent provisions that have been imposed as regards the protection of the clients' rights in relation to the financial instruments, the Bank shall inform its clients that in such cases they will not benefit from the provisions of MiFID II or from any legislation relating thereto.

- The Bank shall introduce adequate organisational arrangements to minimise the risk of loss or diminution of client assets, or of rights in connection with those assets, as a result of a misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
- The Bank shall make adequate arrangements so as to safeguard the clients' ownership rights, especially in the event of its insolvency, so as to prevent the use of clients' instruments on own account except following the client's express consent, as regards the use of the instruments under specific terms, as evidenced explicitly and in writing, and as such consent is executed by consensus by means of signature or in an equivalent way, and provided that the use of the financial instruments of the said client shall be limited to the specified terms agreed upon with the client.

- The Bank shall regularly monitor / reevaluate every existing third person and the provisions for the possession and safekeeping of the financial instruments with the aim to timely configure possible malfunctioning, and ensure that the provided services are continuously provided.

The suitability of the provisions and procedures implemented by the Bank in relation to the protection of the financial instruments and funds of its clients, and in relation to the prohibition to conclude agreements on the provision of financial security by transfer of title to retail clients, is subject to the annual audit performed by external auditors, the result of which is notified to the Bank of Greece.

## 6) Policies, Procedures and other Arrangements

### 6.1 Conflict of Interests

The Bank, within the framework of the provision of investment services and ancillary investment services or in combination of the above, under the applicable legislation, has established and implements a policy (hereinafter, "the Policy") for the purposes of tracking and managing the cases of “Conflicts of Interests” which emerge from the relations of the Bank, the companies belonging to Eurobank Group and their clients respectively, during the exercise of business activities by Eurobank Group.

The Bank, when offering services to its clients, commits to keep high standards and principles of conduct of business. Implementing the principles of the said Policy constitutes an obligation for all persons of Eurobank Group as well as for any third person who is directly or indirectly associated with the companies of Eurobank Group by means of a control relationship; these persons ought to not proceed to actions or behaviors which are contrary to the Policy.

It is the Bank’s duty to take effective measures for the tracking, prevention and management of conflicts of interests, and to limit as much as possible the possible consequences of such risks.

The Bank has adopted the Policy and a series of Policies, measures and procedures which must be followed by all persons that are employed in the units and companies of Eurobank Group, aiming at establishing criteria for the tracking, prevention and management of situations of conflict of interests, as such situations have been tracked when providing investment or ancillary services to their clients, and from the general business activity. Furthermore, the Bank operates control mechanisms for the prevention of a conflict of interests’ situation, and takes all measures for the tracking, prevention and disclosure of cases of conflict of interest.

The Policy and the procedures established therein, and the actions and measures taken by the Bank, aim at ensuring that the relevant persons participating in business activities or services which may cause a conflict of interests, do carry out these activities at an appropriate level of independence which is deemed suitable for the size and activities of the Bank and Eurobank Group, and corresponding to the seriousness of the risk of damage of the clients’ interests.

See below an indicative list of Policies, procedures, measures and other provisions:

- The Bank has established and implements a decision taking procedure, as well as an organisational structure that determines the hierarchical relations and the allocation of functions and responsibilities.

- The Bank operates a Regulatory Compliance Unit, which operates independently of the operational units, and monitoring on a permanent basis, and evaluating on a regular basis, the adequacy and effectiveness of the measures, policies and procedures that are being implemented.

- The Bank has in place procedures and mechanisms for the management of risks involved in the activities, procedures, and systems of the Bank.

- The Bank operates an Internal Audit Unit, which is independent of all other units.

- The Bank ensures that the competent persons are aware of the procedures to be followed as regards the proper exercise of their duties.

- The Bank implements and maintains the necessary internal control mechanisms, to ensure compliance with the decisions and procedures at all levels.

- The Bank ensures that its personnel possess the skills, knowledge and expertise required for the exercise of its duties.

- The Bank implements and maintains effective internal reporting and communication of information at all relevant level.

- The Bank keeps records of business activities and has an organisational chart (Provision on management reporting lines / separation of functions).

- The Bank ensures that the performance of multiple functions by the competent persons does not prevent, nor is it likely to prevent, those persons from carrying out any particular function soundly, honestly, and professionally.

- The Bank has in place appropriate and adequate procedures with respect to the safekeeping of the security, integrity and confidentiality of the information ("Chinese Walls", Ensuring privacy / Controlled Access Policy).

- The Bank implements a Business Continuity Plan Policy, ensuring that, in case of an interruption of the systems and procedures, its most crucial data and functions are secure, or, if that is not possible, that such data and functions will be timely recovered in order to timely restore its provided services and activities.

Should the clients wish to receive additional information in relation to the Conflict of Interest Policy, they may visit the website www.eurobank.gr.

### 6.2 Governance and Products' Monitoring

The Bank, when creating financial instruments for sale to clients, shall maintain appropriate procedures for the approval of each financial instrument by specifying a specific target market of potential clients, within the relevant category of clients for each financial instrument, taking into account the characteristics, the needs and the investment targets of the clients to whom the financial instrument is to be addressed; the Bank shall ensure that all relevant risks associated with such identified target market are assessed, as well as that the intended distribution strategy is suitable for the identified target market. The Bank shall also regularly review the financial instruments that it creates in order to assess whether they remain consistent with the needs, the characteristics and the targets of the identified target market.

In the case that the Bank has or offers financial instruments of other firms, it shall receive the necessary information in relation thereof by the entities that created the instruments, in order to ensure that their distribution is done in accordance with the needs, characteristics and investment targets of the clients to whom the Bank is about to distribute the financial instruments (target market). In the case that the creator of the financial instrument has not defined a target market for a financial instrument, the Bank defines the said market in accordance with its own procedures. Moreover, the Bank has in place adequate provisions to monitor the aforementioned products so as to ensure that the products and the services that the Bank aims to offer or propose are compatible with the needs, characteristics and investment targets of the target market.

In case of a contract concluded between the Bank and the client, the object of which is the client's portfolio management or the provision of investment advice, the client should be formerly tested in terms of suitability, and therefore the Bank should have the information needed to carry out a test of the client and to include the same in the determined target market.

When providing the service of receipt, transmission and execution of orders, the Bank is not obliged to carry out a suitability test and may be entitled to not carry out an appropriateness test (see above under 3.3.3.) and, therefore, is not obliged to receive all the required information in relation to the knowledge and experience of the client, his investment targets, needs, financial situation and his risk tolerance, and, as a result, the Bank may not be able to assess whether the client is to be included in the target market of the each time specified financial instrument.

In this case, the Bank shall not be able to include the client in the determined target market, it shall notify the client, and shall hand over to him, by means of a durable medium, the information that refer to the target market of the said financial instrument in order for him to be informed when taking an investment decision.

The distribution of financial instruments by the Bank in no way does it constitute an act of personal instigation or recommendation for their acquisition, and every relevant communication aims at informing the client who takes the investment decision.

## 6.3 Client Complaints Handling

The relation with its clients and the constant improvement of the quality of the rendered services is a top priority for the Bank.

In order to handle complaints more efficiently and directly, the Bank has designed and put into effect an integrated Complaints Handling System throughout the Eurobank Group, in order to ensure that each client's case is treated with understanding, without discrimination, with impartiality and a sincere willingness to find a fair solution, the aim being to establish over time a positive relationship of trust.

The "Management of Complaints" Policy, which is harmonised with the directives on the handling of complaints that are set out by the each time applicable European and Greek framework and the procedures that have been established in accordance with the standard ISO 9001, also sets out the mechanisms for the monitoring and analysis of the causes thereof (by use of the Root Cause Analysis methodology), in an attempt to reduce and eliminate them.

The procedure to file a complaint is possible through multiple channels of the Bank, and it is communicated to the clients in a clear and comprehensive manner through brochures that are available at the places where the transactions take place, and through the Bank's website (www. eurobank.gr) where the said procedure is made public, as well as through EuroPhone Banking and E-Banking. The clients may file their complaint for free.

Communication with the Bank, so that the latter understands the client's concern, and be able to describe the same, is done in the way that suits the client. More specifically:

**At the branch**

The first step is for the client to speak to the officer of his branch who normally assists him, or to the officers of the branch.

**On-line**

The client may send his remark electronically by means of the complaint submission form. He shall fill in his personal details stating that he wants to get in touch with us. Alternatively, he may also send an email at info@eurobank.gr or send, via e-Banking, the following message to the Bank:

My e-Banking > Messages > Creation

**By phone**

Via EuroPhone Banking 24/7:

- 2109555000

**In writing**

*By delivery to the address:*

*Eurobank SA*
*Customer Care*
*PC 19050 Athens*

In order for the Bank to be able to answer the client's letter, the latter must state his name and surname, as well as his contact details.

The Bank shall make every effort to promptly respond to the complaints in a sensitive and responsible manner, and to see the case of the client from his own point of view. Also, it shall aim at providing an answer as soon as possible. Within 2 business days from receipt of the client's complaint, the Bank shall get in touch with the client, to confirm receipt of his complaint, to give the client the contact details of the Bank's authorised representative who has undertaken the case, and to make an estimate as to the time needed to process and respond to the complaint.

The Bank examines the particular characteristics of the client's case. It shall seek to provide a fair solution, satisfying the client's needs.

If the Bank has not communicated with the client within 2 business days, the client may contact EuroPhone Banking.

**In the case that the client wishes that his case be reviewed**
If, despite all efforts by the authorised officers, the client is still not satisfied with the response provided, the latter may get in touch directly with the Group Client Relations Office:

*Eurobank SA*
*Group Client Relations Office*
*7 Santaroza Street, 10564 Athens*
*Email: gcred@eurobank.gr*
Please send us a letter or an email. Alternatively, you may visit our offices.

The Group Client Relations Office reviews the case and responds to the client within 10 business days, while if more time is required, the said Office shall notify the client in time.

In the case that the client is not satisfied with the Bank's response or position in relation to his case or with the solution proposed by Eurobank's Group Client Relations Office or Eurobank's division which is competent to handle his case, the client may address to the Mediator of Banking and Investment Services within 1 year from the date that the initial complaint has been filed, through an email at info@hobis.gr, or through a fax at +302103238821, while, alternatively, he may file a civil petition. or through a fax at 2103238821, while, alternatively, he may file a civil petition.

## 6.4 Costs

Costs, commissions, remunerations and other charges in relation to the financial instruments and the investment and ancillary services that are distributed or provided by the Bank, shall be posted to all Branches/Units of the sale Network, in accordance with the each time applicable pricing policy of the Bank and the applicable legislative/tax provisions. Also, they can be found at https://www.eurobank.gr/en/mifid/.

In the case that the Bank recommends or distributes a certain financial instrument or, whenever, on the basis of the applicable legislation, is obliged to provide a key information document, within the framework of Regulation (EU) 1286/2014 of the European Parliament and Council, or a Key Information Document on UCITS (hereinafter, for the purposes of the present paragraph 2.6, jointly, "Key Information Document"), the aforementioned notification must include information on costs and charges in general, as regards the investment and/or ancillary services and the financial instruments.

In the case that the Bank does not recommend or distribute a financial instrument, or it is not obliged, on the basis of the applicable legislation, to provide a Key Information Document, the aforementioned notification regarding costs and charges in general, includes information only in relation to the investment or ancillary services provided by the Bank.

The said notification in relation to the costs and other charges includes also information in relation to payments made to third persons that are collected by the Bank in relation to an investment service provided to a client.

It is noted that, sometimes, the exact amount of the total cost is not available at the time when the relevant information is provided. In this case the Bank provides adequate information to the clients concerning the estimated cost and the charges in general, prior to the provision of a specific investment service.

When required, in the course of the investment, the Bank notifies the client, on a regular basis, at least annually, in relation to the cost and similar charges of the investment and ancillary services and financial instruments provided by the Bank. This notification may be provided by the Bank in conjunction to the existing periodical reports provided to the clients. Details concerning the costs and charges, in general, concerning every specific transaction or investment service are available to the clients upon request.

The aforementioned notification concerning costs and charges in general, does not include costs that are due to the occurrence of an underlying market risk, that is fluctuations in the value of the invested capital, which (fluctuations) occur directly due to a change in the value of the underlying assets.

## 6.5 Inducements

Inducement is considered to be any remuneration, commission or non-monetary benefit that is paid, collected, offered or accepted by the Bank in relation to the provision of an investment or ancillary investment service, to or by any person with the exception of the client or a person acting on behalf of the client. The Bank has put in place measures, procedures and relevant provisions so as to ensure that the provision of the related services to clients is not partial or distorted as a result of the inducements.

The Bank is allowed to pay, collect, provide or accept inducements, only provided that the remuneration or commission or non-monetary benefit:

1. Has been designed to improve the quality of the said service to the client, and;
2. Does not prevent the Bank from its duties to act honestly, fairly and professionally, in accordance with the interests of its clients.

The remuneration, commission or a non-monetary benefit is considered to have been designed to enhance the quality of the relevant service rendered to the client, if all the following conditions are met cumulatively: **a)** The said remuneration, commission or non-monetary benefit are justified due to the provision to the client of an additional service or a service of a higher level, comparable to the level of the inducements that are received; **b)** The said remuneration, commission or non-monetary benefit do not mean a direct benefit to the company-recipient, its shares or its employee, without a tangible benefit for the relevant client, and **c)** The said remuneration, commission or non-monetary benefit are justified due to the provision of an ongoing benefit to the relevant client in relation to an ongoing inducement. The Bank ensures that the said conditions are fulfilled on a permanent basis, throughout the time that it continues to pay or collect the inducement.

The payment of remuneration or benefit which enable, or are necessary for, the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by nature, cannot give rise to conflicts with the Bank's duties to act honestly, fairly and professionally in accordance with the best interests of its clients, shall not be subject to the aforementioned requirements.

The Bank notifies the client in relation to inducements, as follows:

a) Prior to the provision of a relevant investment or ancillary service, the Bank provides information in relation to the relevant payment or benefit. Non-monetary benefits of a minor importance are described in a general manner. The other non-monetary benefits that are collected or paid by the Bank in relation to the investment service that is provided to a client, shall be priced and disclosed separately;
b) In the case that the Bank is not able to determine in advance the amount of every payment or benefit that is about to be collected or paid, it shall notify the client as

regards the method of calculation of the said amount; the precise amount of the payment or benefit that is collected or paid is notified to the client a posteriori, and;

c) At least once a year, for the whole time that the (ongoing) inducements are collected by the Bank in relation to the investment services that are provided to the relevant client, the Bank shall notify its client, on an individual basis, as regards the actual amount of payments or benefits that are collected or paid. All minor non-monetary benefits shall be described in a general manner.

Also, where applicable, the Bank notifies the client with regards to the mechanisms for the transfer to the latter, of the inducements that the Bank has received in relation to the provision of the investment or ancillary service.

In particular as far as portfolio management service are concerned, the Bank shall return to the clients any remunerations, commissions or other monetary benefits that are paid or offered by a third person or by a person acting on behalf of a third person, in relation to services provided to this client, the soonest possible following receipt. All remunerations, commissions and other monetary benefits that are paid or provided by a third person (issuer, provider of products etc.) shall be transferred to the client in their entirety. The Bank notifies the clients with regards to the remunerations, commissions or any monetary benefits transferred to the Bank, for instance through the periodic reports provided to the client.

In the case of portfolio management, the Bank only accepts “minor non-monetary benefits”.

Finally, the provision to the Bank of a research made by third persons when providing the service of managing a portfolio or other investment or ancillary services shall not be considered to be an inducement, when the payment for the research is paid directly out of the Bank’s own resources. If this is not the case, the Bank shall treat the research as an inducement and shall implement all relevant requirements concerning inducements provided for by the each time applicable legislation.

## 6.6 Tax

Provided that there is such an obligation emerging from the each time applicable tax legislation, the Bank notifies the client that it must withhold any tax provided for. In any case, the taxing of the income, capital gain or the capital etc. depends on the each time applicable tax legislation. The clients, in the case that they have doubts as regards the tax legislation to which they are subject, their financial instruments and their capital, in order to be informed as regards possible tax consequences resulting from their investment, they must ask advice and/or information from their legal and tax advisor.

The following taxes are stated indicatively:

- On the profits from the sale of shares either in Greece or in the source

- On the interest from bonds or treasury bills
- In case of transfer of instruments
- In case of inheritance, etc.

## 6.7 Reporting obligations

The Bank informs the client that it is bound to observe the each time applicable tax rules in accordance with the US instructions for the “Foreign Account Tax Compliance Act” (FATCA) and OECD (CRS). If, from the data kept by the Bank in its records, it emerges that the client is a person fulfilling the criteria set out by the aforementioned tax rules, the Bank may **(a)** ask for additional information in order to ascertain the tax regime to which the client is subject, and **(b)** in the case that the client fulfills the criteria of the aforementioned tax rules, where appropriate, transmit information and details, collected in the context of the investment of the client as each time required by the financial organisations, to the competent tax authorities, and exchange the same with the competent tax authorities of another state/s where the client’s tax residence is situated, by virtue of the each time applicable legislation, the applicable regulations of OECD and the inter-state agreements on the exchange of information in the field of taxation, including the inter-state agreement on FATCA stipulated between Greece and the USA.

The Bank also notifies the client that, in fulfillment of the obligations that the Bank has on the basis of article 26 of the Regulation (EU) number 600/2014 of the European Parliament and Council, of the delegated Regulation (EU) 2017/590, and the relevant technical standards, as each time in force, the Bank proceeds, to the extent that this is necessary, to report every transaction of the client on a financial instrument as per the provisions of the said legislation. To this aim, the Bank informs the client that, among other things, it shall transmit to the competent authority details on the transaction, including personal data either of the client or of his representatives, where necessary, as per above, and that the Bank observes, vis-à-vis the said persons, the obligations deriving from the legislation for the protection of personal data, as each time in force.

More generally, the Bank informs the client that, if necessary or if requested on the basis of the law or a court decision, it shall announce the client’s personal data and details of transactions to union authorities, judicial and prosecuting authorities, public officers or, as the case may be, third persons, whether natural or legal.

## 6.8 Security and Data Protection, Information Confidentiality – Personal data

The Bank ensures that the information that is provided by the clients shall remain confidential, and offers protection as regards a deliberate or unintentional disclosure to unauthorised persons.

More specifically, with regards to any information that is related to the client, the Bank observes the applicable legislation on banking, stock-exchange and, generally, professional secrecy and, more generally, the legislation that governs the management and use of information.

For the fulfillment of the above, there have been established codes of conduct, information security policies, and procedures concerning the confidential nature of information, within the framework of the current legislation, the effectiveness and proper implementation of which are regularly monitored.

The Bank processes information including also any personal data of its clients only upon their instructions and for the execution of the Bank's obligations deriving from the provision of investment and ancillary services or when this is required by law. The Bank shall take all necessary measures with regards to the observance of obligations emerging from the each time applicable legislation on the protection of the individual from the processing of personal data. The Bank's Information Package on the processing of personal data pursuant to Regulation (EU) 2016/679 and the relevant EU and Greek legislation, as each time in force is published prominently on the Bank's website in order to inform clients about their personal data that are subject to processing by the Bank and their relevant rights.