

## CLIENT CLASSIFICATION POLICY

PIRAEUS BANK



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## CLIENT CLASSIFICATION POLICY

The present Client Classification Policy applies to all Piraeus Bank Group entities, including the Bank's subsidiaries, which provide investment services within the meaning of Law 4514/2018 and the Commission Delegated Regulation (EU) 2017/565.

The applicable legal provisions distinguish the following categories of clients:

- Retail Clients
- Professional Clients, divided into:
  - Professionals by way of business
  - Professionals by size
- Eligible Counterparties
- Clients who may be treated as professionals on request

### 1. Definitions and Client Classification

Clients are considered to be the natural or legal persons to whom the Group provides investment services or ancillary services.

#### 1.1. Retail Clients

Retail clients are all clients who cannot be considered to be Professionals or Eligible Counterparties. Retail clients enjoy the highest level of protection. The protection does not refer to the quality of the services provided, which is high for all clients but to specific requirements of the legislation regarding the detailed specification, in relation to Professional Clients, of the kind and form of the information provided by the Group.

#### 1.2. Professional Clients

Professional clients are the persons defined in Annex II of Law 4514/2018. They are clients who possess the experience, the knowledge and expertise to make their own investment decisions and properly assess the risk that incurs. Most of the professional clients are legal entities and are divided into:

- Professionals by way of business, and
- Professionals by size

##### 1.2.1. Professionals by Way of Business

Professionals by way of business are considered to be the following:

- Entities which are required to be authorized or regulated to carry out their characteristic activities in the financial markets irrespective of whether they are entities authorized by a Member State under a Directive, entities authorized or regulated by a Member State without reference to a Directive, or entities authorized or regulated by a third country. As such are considered the following: credit institutions, investment firms, other authorized or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, Pension funds and management companies of such funds, Commodity and commodity derivatives dealers, local businesses, and other institutional investors.
- National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organizations.
- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

##### 1.2.2. Professionals by size

Large undertakings meeting at least two of the following size requirements on a company basis:

- Balance Sheet Total: EUR 20,000,000,
- Net Turnover: EUR 40,000,000,
- Own Funds: EUR 2,000,000.

### 1.2.3. Clients who may be treated as Professionals on request

Clients that may be treated as professionals on request are retail clients, including public sector bodies, local public authorities, municipalities and private individual investors who fulfill additional criteria, and may for this reason request that they be treated as professional clients. For their classification in the particular category, as a minimum, two of the following criteria shall be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters,
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500.000,
- the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

### 1.3. Eligible Counterparties

Eligible Counterparties are investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorized or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organizations.

Eligible Counterparty classification applies to the services of reception and transmission and execution of orders while for the investment services, including investment advice and portfolio management, the particular clients are treated as Professionals. Provided that the client is treated as an Eligible Counterparty, the Group shall not be obliged to comply with the provisions under Article 24 with the exception of paragraphs 4 and 5, under Article 25 with the exception of paragraphs 6, under articles 27 and 28 par. 1 of Law 4514/2018 in respect of the services of receiving and transmitting and executing orders or any ancillary service directly relating to these transactions.

Classification as eligible counterparty shall be without prejudice to the right of such entities to request, either on a general form or on a trade-by-trade basis, treatment as clients whose business with the Group is subject to Articles 24, 25, 27 and 28 of L.4514/2018.

The Group shall obtain the express consent from the prospective counterparty that it agrees to be treated as an eligible counterparty either in the form of a general agreement or in respect of each individual transaction.

***Municipalities and local public authorities are excluded from the list of Eligible Counterparties and Professionals and are treated as Individuals. In any case, they reserve the right to request that they be treated as Professional Clients.***

## 2. Obtaining Client Consent to Classification

The Group shall disclose to Clients, when entering into a contractual relationship, their classification as retail clients, professional clients or eligible counterparties within the meaning of Law 4514/2018.

The Group notifies clients, in a durable medium, of their right to request their classification in another category as well as any restriction that a different category may imply on the level of client protection.

Specifically, the client classified by the Group as Professional, has the right to request a higher level of protection if he considers that he is not in a position to assess or properly manage the risks he is exposed to. The highest level of protection is provided, if the client considered to be a Professional enters into an agreement with the Group to be categorized as Retail client.

The Group undertakes to obtain the express consent of the Retail – prospectively Professional client to be categorized as a Professional as well as that of the Professional Client to be treated as an Eligible Counterparty.

In particular, for the classification of a Retail - prospective Professional client, a prior client request in a separate document is required in order to be treated as a Professional. The document includes a statement from the client that he is aware of the consequences of losing the protection as a Retail Client.

The Group may accept a client's application to waive the highest protection provided that after an adequate assessment of the expertise, experience and knowledge of the client, and taking into account the nature of the planned transactions or services,

there is reasonable assurance that the client is able to make the specific investment decisions on his own and understand the risks involved.

The appropriateness tests applied to managers and directors of entities licensed under the Financial Services Directives in the financial field could be regarded as an example of the above-mentioned assessment of expertise and knowledge. In the case of small entities, the person subject to that assessment shall be the person authorized to carry out transactions on behalf of the entity. During this assessment, it will be examined whether at least two of the three criteria mentioned in section 13.1.3 are met for potential professional clients.

Professional clients are responsible for keeping the Group informed about any change, which could affect their current categorization. Should the Group become aware however that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the Group shall take appropriate action and in particular shall categorize the client as a Retail one and inform him/her respectively.

In order to categorize a Professional Client as an Eligible Counterparty, the prior express consent of the client and the parties' agreement that the subject of the contract is solely the provision of reception, transmission and/ or execution of orders is required.

In the event that the Group intends to categorize a client as an Eligible Counterparty, the client's express consent is required. If a client categorized as Eligible Counterparty wishes to be treated as Retail or Professional client, a written request for such protection from the Group should be made and the Group should consent to this request. If the client does not explicitly request to be treated as a Retail one, the Group may categorize the client as Professional.

When this eligible counterparty expressly requests to be treated as a Retail client, the Group treats the client as a Retail one, by applying the provisions of the second, third and fourth paragraphs of Section I of Annex II of L.4514/ 2018 on requests for non-professional treatment.

Also, when clients - legal entities request to be treated as an Eligible Counterparty, they submit a written request and the following procedure is followed:

- The Group informs the clients in writing of the consequences that this request will entail, as well as the protections that may be lost.
- The clients confirm in writing their request to be treated as an Eligible Counterparty and that they are aware of the consequences of losing such protections as a result of the request.

### **3. The Impact of Client Classification**

#### **3.1. Retail Clients**

Retail clients are treated in terms of investment opportunities and information with the utmost protection according to the law. Subsequently, various financial instruments, investment services and trading strategies in the market may not be suitable or compatible with the client's profile and hence carrying out transactions in the above cases may not be possible for the Group.

In addition, the framework for the pre-contractual and constant provision of information, including information on the charges, is a priori defined in terms of its nature and form. The possibility to contractually establish a different system of providing the said information is extremely limited.

Finally, the way of determining best execution differs in relation to the weight given to the "overall price" over the other parameters (e.g. speed, quality of execution of the order) giving priority to the "overall price" principle on the basis of which the outcome is judged in principle.

Retail clients who wish to be treated as Professionals:

- inform the Group in writing of their wish to be categorized as professionals, the Group informs the client in writing of the protections and compensation rights that may be lost,
- the clients, with express consent, state in writing that they are aware of the consequences of losing this protection as a result of their request.

Before deciding to accept the client's waiver of protection, the Group shall take all reasonable steps to ensure that the client who wishes to be treated as a Professional client meets the criteria set out in section 1.2.3.

### **3.2. Professional Clients**

Professional clients, whose knowledge and experience are presumed, have, in principle, greater scope for choosing financial instruments, investment services and trading strategies. Various issues relating to the provision of investment services, disclosure, including information on costs and related charges, except in the case of investment advice or portfolio management, may be regulated by agreement between the Group and the client. Finally, the best execution evaluation does not prioritize the overall price in relation to the weight of the factors it takes into account (e.g. speed, quality of execution).

Professional clients are required to disclose to the Group any changes that may affect their classification. If the Group determines that clients no longer meet the conditions under which they were treated as professional clients, the Group will take appropriate steps to change their classification.

### **3.3. Eligible Counterparties**

The classification of clients as Eligible Counterparty does not affect their right to ask to be treated as clients whose relations with the Group are subject to the provisions of articles 24, 25, 27 and 28 of Law 4514/2018. In this case, the clients' request should be submitted in writing. If the clients do not explicitly request to be treated as Retail, the Group may classify them as Professional clients.

When the eligible counterparty explicitly requests to be treated as a Retail client, the Group treats the client as a Retail one by applying the provisions of the second, third and fourth paragraphs of Section I of Annex II of Law 4514/2018 regarding requests for non-professional treatment.

The Group provides Eligible Counterparties with information about the Group, its financial instruments, trading venues, custodian of financial instruments and funds of clients as well as information and reporting requirements on the most complex financial instruments and transactions. The Group may agree to limited information on certain matters referred to in the legislation.

## **4. Summary of the Policy for the Classification of Group Clients**

The identification and proper management of conflicts of interest concerns all client categories, including Eligible Counterparties and all services provided.

The Group may, either on its own initiative or upon a client's request, treat the client concerned as follows:

- As Professional or Retail, a client who would otherwise be categorized as Eligible Counterparty under Article 30 par.2 of the Law 4514/2018.
- As Retail, a client considered to be a Professional in accordance with Annex II, Section I of the Law 4514/2018.

The current Policy for the Classification of Group Clients is summarized as follows:

- Eligible Counterparties: The Group proposes to Eligible Counterparties, to whom it provides the services of reception, transmission and / or execution of orders, their classification as such for all financial instruments. Until their consent is received as well as in the case of non-consensus, these clients are categorized by the Group as Professional clients for all services and financial instruments.
- Professional Clients / Prospective Professional Clients: All new clients who are categorized as Professionals by way of business or size must have a contractual agreement with the Group. When upon the Group's initiative, an existing Retail client is reclassified to Professional (by size or way of business), the client must be informed in writing and sign a new contract (Professional Client Contract). Until signing the new contract, the client must be treated as Retail Client.
- Retail Clients: All other clients are categorized by the Group as Retail clients for all services and financial instruments.

The Policy for the Classification of Group Clients may be amended in the event of respective changes in the Group's client classification options, but always within the legal framework in force.

## **5. Suitability and Appropriateness Tests**

For the provision of investment services that consist of reception, transmission and execution of orders, within the framework of the target market criteria for financial instruments:

- For Retail Clients, suitability tests are performed for complex products.
- Professional clients and Eligible Counterparties are presumed to have the necessary knowledge and experience in advance and hence no appropriateness test is required.

In cases where the Group provides investment advice or portfolio management services for both retail and professional clients, appropriateness tests will be carried out using predefined questionnaires in order to obtain sufficient information about the client's experience in investment services and transactions, its financial situation and investment objectives, including its risk tolerance.

