

# SAFEGUARDING OF CLIENTS' ASSETS

---

## 1. General

The Bank provides its Clients the ancillary service of safekeeping and administration of Financial Instruments, including custodianship along with any related services such as clearing and cash settlements of transactions in Financial Instruments and corporate actions.

For Financial Instruments traded in the Athens Exchange and Cyprus Stock Exchange, the services of safekeeping and custodianship are provided via the Bank's direct membership as official custodian and general operator in the Central Securities Depositories of the foresaid exchanges. It is noted that in the CSD's of the Athens and Cyprus Stock Exchange assets are held in segregated accounts (Investor Share and Securities Account) in the name of the investors.

For Financial Instruments traded in foreign markets, the aforementioned services are provided by the Bank via the usage of third party custodians (sub-custodians).

The Bank has appointed a single officer with sufficient skill and authority to ensure that the Bank is in compliance with the below requirements and procedures regarding the safeguarding of Client Financial Instruments and / or funds.

## 2. Safeguarding of Clients Financial Instruments

The Bank deposits the Financial Instruments belonging to Clients (as well as its own Financial Instruments) with third parties (the "Custodians").

When the Bank is selecting and appointing a Custodian, the following rules are observed with a view to ensuring the protection of Clients' rights:

- a) The Bank exercises all due skill, care and diligence in the selection, appointment and periodic review of the Custodian and of the arrangements for the holding and safekeeping of those financial instruments.  
In particular the Bank, takes into consideration the expertise and market reputation of the Custodian, as well as any legal requirements or market practices related to the holding of Financial Instruments that could adversely affect the Clients' rights.  
Taking into consideration the above rules, a periodic review (at least once a year) on the Custodians as well as of the arrangements for the holding and safekeeping of Financial Instruments is carried out.
- b) The Bank ensures that the Custodian is established in a jurisdiction where the safekeeping of Financial Instruments for the account of another person is subject to specific regulation and supervision and that the Custodian is subject to this specific regulation and supervision. This requirement also applies when the Custodian has delegated any of its functions concerning the holding and safekeeping of Financial Instruments to another third party.

Third parties operating in jurisdictions that do not regulate the holding and safekeeping of Financial Instruments for the account of another person will not be used by the Bank as Custodians unless one of the following conditions is met:

1. The nature of the Financial Instruments or of the Investment Services connected with those instruments requires that they should be deposited with a Custodian in that country;
2. Where the Financial Instruments are held on behalf of a Professional Client, and that Client requests the Bank in writing to deposit them with a Custodian in that country.

The Bank keeps records and accounts enabling it at any time and without delay to distinguish assets held for one Client from assets held for any other Client and from its own assets and ensure that Client Financial Instruments deposited with a Custodian are identifiable separately from the Financial Instruments belonging to the Bank, and from Financial Instruments belonging to the Custodian.

Reconciliations between the internal ledger accounts and the Records of the Custodians are performed on a monthly basis. Furthermore, the Bank introduced adequate organisational arrangements to minimize the risk of loss or diminution of Client assets, or rights in connection with those Financial Instruments, as a result of misuse of the Financial Instruments, fraud, poor administration, inadequate record-keeping or negligence.

### Restrictions

It is the Bank's policy not to enter into arrangements for Securities Financing Transactions for own account in respect of Financial Instruments held by the Bank on behalf of a Client or otherwise use such Financial Instruments for the Bank's own account or for the account of another Client of the Bank.

### Security interests, liens or rights of set-off

It is the Bank's policy not to permit security interests, liens or rights of set-off over Client Financial Instruments or funds enabling a third party to dispose of Client's Financial Instruments or funds in order to recover debts that do not relate to the Client or to the provision of services to the Client, except where this is required by applicable law in a third country jurisdiction in which the Client funds or Financial Instruments are held.

Where the Bank is obliged to enter into agreements that create such security interests, liens or rights of set-off, it will disclose that information to its Clients indicating the risks associated with these arrangements. Where security interests, liens or rights of set-off are granted by the Bank over Client Financial Instruments or funds, or where the Bank has been informed that they are granted, they will be recorded in Clients' contracts and the Bank's own accounts to make the ownership status of Client assets clear, such as in the event of an insolvency.

### 3. Client funds

The Bank, being a Credit Institution meaning an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account, understands that it is exempted from the rules around depositing client funds emanating from Article 4(1) of CDD 2017/593 and states that where the Bank holds Client funds, such are held as deposits in the Bank's capacity as a Credit Institution.

To this respect the Bank does not owe any safeguarding duties in relation to Client Funds as such duties are specified in CDD 2017/593.

Nevertheless, and for completeness, here below we replicate the duties imposed on investment firms on receiving any client funds.

Investment firms, on receiving any client funds shall promptly place those funds into one or more accounts clearly designated as "Clients Account" with any of the following:

- A Central Bank;
- A bank or credit institution authorized in a European Union member state;
- A credit institution authorized in a third country;
- A qualifying money market fund.

Where Client funds are not deposited with a central bank, the following rules should be observed in the selection, appointment and periodic review of the credit institution, bank or money market fund where the funds are placed to ensure the protection of Clients' rights:

- a) Due skill, care and diligence should be exercised taking into consideration their expertise, market reputation and status in general as well as any legal or regulatory requirements or market practices related to the holding of client funds that could adversely affect the Clients' rights. A periodic review (not less frequently than every 1 year) of the selected entities as well as of the arrangements for the holding of funds should be carried out.
- b) The Clients' explicit consent to the placement of their funds in a qualifying money market fund should be obtained. If Clients' funds are deposited with a qualifying money market fund, the units in that money market fund should be held in accordance with the requirements for holding Financial Instruments belonging to clients as described in the sub-section "Financial instruments" above.

A Client has the right to oppose the placement of his funds in a qualifying money market fund.

Overall, necessary steps should be taken to ensure that client funds deposited, in a central bank, a credit institution or a bank authorized in a third country or a qualifying money market fund are held in an account or accounts identified separately from any accounts used to hold funds belonging to itself.

### 4. Disclosure of Information in relation to Client's Assets

The Bank has the obligation to make information pertaining to Clients' Financial Instruments and funds (where applicable) readily available to the Competent Authorities, appointed insolvency practitioners and those responsible for the resolution of failed institutions. The information should, where applicable, include the following:

- a) related internal accounts and Records that readily identify the balances of funds and Financial Instruments held for each Client;
- b) where Client funds are held by the Bank as "Security interests, liens or rights of set-off" as mentioned above, details on the accounts in which Client funds are held and on the relevant agreements with such third parties;

- c) where Financial Instruments are held by the Bank, details on the accounts opened with third parties and on the relevant agreements with those third parties, as well as details on the relevant agreements with those Custodians;
- d) details of third parties carrying out any related (outsourced) tasks and details of any outsourced tasks;
- e) key individuals of the Bank involved in related processes, including those responsible for oversight of the Bank's requirements in relation to the safeguarding of Client assets; and
- f) agreements relevant to establish Client ownership over assets.

## 5. Statements of Client Financial Instruments– Reporting to Clients

When Bank holds Client Financial Instruments or funds, it will send at least on a quarterly basis, to each Client for whom it holds Financial Instruments, a statement in a durable medium of those Financial Instruments, unless such a statement has been provided in any other periodic statement. Upon Client request, the Bank will provide such statement more frequently at a commercial cost. This provision does not apply in respect of Client funds (deposits) since such statements are provided by the Bank to its customers under the banking services.

The statement of Client Financial Instruments referred to above will include the following information:

- (a) details of all the Financial Instruments held by the Bank for the client at the end of the period covered by the statement;
- (b) the extent to which any Client Financial Instruments have been the subject of Securities Financing Transactions;
- (c) the extent of any benefit that has accrued to the client by virtue of participation in any Securities Financing Transactions, and the basis on which that benefit has accrued;
- (d) a clear indication of the assets or funds which are subject to the rules of MiFID II and its implementing measures and those that are not, such as those that are subject to Title Transfer Collateral Agreement;
- (e) a clear indication of which assets are affected by some peculiarities in their ownership status, for instance due to a security interest;
- (f) the market or estimated value, when the market value is not available, of the financial instruments included in the statement with a clear indication of the fact that the absence of a market price is likely to be indicative of a lack of liquidity.

In cases where the portfolio of a Client includes the proceeds of one or more unsettled transactions, the information referred to in point (a) above will be based on the trade date.