

INVESTMENT ADVICE

1. General

According to MiFID II, **Investment Advice** means the provision of personal recommendations to a client, either upon its request or at the initiative of the Bank, in respect of one or more transactions relating to Financial Instruments. In particular, a personal recommendation should be considered as a recommendation that is made to a person in his capacity as an investor or potential investor, or in his capacity as an agent for an investor or potential investor.

The Bank, when providing an Investment Advice, will present it as suitable for the Client to which it is addressed or for the circumstances of that Client, and it should constitute a recommendation to take one of the following steps:

- a) To **buy, sell, subscribe for, exchange, redeem, hold or underwrite** a particular Financial Instrument;
- b) To **exercise or not to exercise** any right conferred by a particular Financial Instrument to buy, sell, subscribe for, exchange or redeem a Financial Instrument.

A recommendation will not be considered as a personal recommendation if it is issued exclusively to the public. It is further clarified that a recommendation issued, even exclusively, through distribution channels, such as internet, could qualify as a personal recommendation. Also, a generic advice about a type of Financial Instrument is not considered as an Investment Advice under MiFID II.

2. Investment Advice (Non-Independent)

When the Bank provides its Clients with the Service of Investment Advice, such advice is expected to be non-independent since the Bank will not always assess a diverse range of Financial Instruments that are available across the market and it may include investment products manufactured by the Bank or other entities with whom the Bank has close links.

3. Information to Clients related to Investment Advice

The Bank, in good time before providing the service of Investment Advice (where applicable), will:

- a) inform Clients in a clear and concise way whether and why Investment Advice qualifies as non-independent;
- b) explain to Clients the range of Financial Instruments that may be recommended, including the Bank's relationship with the issuers or providers of the instruments;
- c) provide a description of the types of Financial instruments considered as well as the range of Financial Instruments and providers analysed per each type of instrument according to the scope of the service;
- d) provide information on the cost of advice (ex-ante and ex-post basis);

Suitability Reports – Retail Clients

Further to the above information, when the Bank is providing Retail Clients with Investment Advice related services, the Bank will provide a report to Retail Clients that includes:

- an outline of the advice given and how the recommendation provided is suitable for the Retail Client; and
- information on how the recommendation meets Client's objectives and personal circumstances with reference to the investment term required, Client's knowledge and experience and the Client's attitude to risk and capacity for loss.

Periodic assessment of Suitability – Retail Clients

In case of Retail Clients, the Bank will perform a periodic assessment of Suitability at least annually, which will be based on:

- the frequency and extent of the periodic assessment and, where relevant, the conditions that trigger that assessment;
- the extent to which the information previously collected will be subject to re-assessment;
- the way in which an updated recommendation will be communicated to the Client.

The frequency of this assessment is increased depending on the risk profile of the Client and the type of Financial Instruments recommended.

Distant communication – Suitability Statement

In cases where the agreement to enter into a transaction for a Financial Instrument is concluded using means of distance communication which prevents the prior delivery of the Suitability Statement, the Bank may provide the Client with the Suitability Statement in a durable medium immediately after the conclusion of the transaction, provided that both the following conditions are met:

- a) the Client has consented to receiving the Suitability Statement without undue delay after the conclusion of the transaction; and
- b) the Bank has given the Client the option to delay the transaction in order to receive the Suitability Statement in advance.