



ATE bank
AGRICULTURAL BANK OF GREECE

PRE-CONTRACTUAL CLIENT INFORMATION MATERIAL

(version 2)

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INTRODUCTION AND FRAMEWORK OF APPLICATION

MiFID (Market in Financial Instruments Directive) is Directive 2004/39/EC on markets in financial instruments. It was implemented into Greek Legislation by Law no. 3606/2007 and relevant Decisions issued by the Capital Market Commission under title “Rules of Conduct” and “Organizational Requirements”.

More specifically, the Law provides for:

- Rules for the performance of activities of companies providing investment services or performing investment activities.
- A comprehensive regulatory regime governing the execution of client transactions, so as to ensure their high quality of execution in regulated markets and aims mainly at the protection of investors.
- Minimum requirements for the communication with clients.
- Minimum requirements for the services provided to clients.

The provisions of this law apply to Investment Public Limited Companies, Intermediary Investment Companies, as well as to regulated markets and market operators. Also, certain provisions of this law apply to Mutual Funds Management Companies of extended purpose and credit institutions, when said institutions provide one or more investment services or perform investment activities. These provisions do not apply to persons and companies defined in paragraph 4 article 3 of Law no. 3606/2007.

PURPOSE OF PRE-CONTRACTUAL CLIENT INFORMATION MATERIAL

The Bank, with the present manual, aims to provide information to current or potential investors regarding the policies and procedures established in order to comply with the rules provided for by applicable legislation on markets in financial instruments.

Any interested persons, may request additional information, if they consider it necessary, provided that the information requested is available to the Bank and its provision is allowed by applicable legislation.

COMPANY-SERVICES

- **Information about ATEbank**

Agricultural Bank of Greece (ATEbank) was established on June 27th, 1929 by an agreement entered into between the Greek State and the National Bank of Greece “in respect of formation and operation of Agricultural Bank of Greece”, which was ratified by Law No. 4332/1929.

In 1991, pursuant to Law No.1914/1990, article 26 paragraph 1, Agricultural Bank of Greece was transformed into a public limited company (societe anonyme) under company name “Agricultural Bank of Greece S.A.” under Company Register Number 24402/06/B/91/39.

In 2000 ATEbank proceeded to a share capital increase and its shares were admitted to trading on Athens Stock Exchange. New share capital increases took place in 2004 and 2005.

A dynamic portfolio restructure policy, in combination with an efficient application of the law on compound interests and the transformation of its corporate image as ATEbank, as well as the listing of its share to FTSE/Athex 20 index of large capitalization companies (November 2005) have confirmed its position as one of the biggest banks in Greece.

In 2006, ATEbank, continuing the policy of the two previous years, has expanded its activities in Balkans by acquiring MINDBank (July 2006) and obtaining authorization for performing banking and insurance activities in Romania.

In January 2009 the Bank was subject to Law no. 3723/2008 on reinforcement of economy liquidity with the view of handling financial crisis, which, among others, had as consequence a share capital increase by issuance of preferential shares which were undertaken by the Greek State.

Having a powerful capital structure, efficient and modern management, operating in transparency, as well as business client oriented philosophy, ATEbank aims to develop in the Greek and international financial environment.

ATEbank having a continuous European orientation is the head of a dynamic Group of specialized financial companies active in insurances, credit cards, mutual funds, leasing, financial services, funds management services etc.

The Bank's contact information is the following:

Address: 23 Panepistimiou Street, 10564 Athens

Telephone: +302103298911-+302103697598

Fax: +302103298722

URL: <http://www.ate.gr>

e-mail: ategt@ate.gr

- **Language and Means of Communication**

The Bank uses the Greek language for its official communication. The means of communication that a client may use in order to contact the Bank are the following: telephone, post, fax, e-mail, through ATEbank's network.

- **Investment Services provided**

The Bank provides main and ancillary investment services pursuant to its Articles of Association and the relevant authorizations issued by the Bank of Greece.

- **Financial Instruments**

ATEbank trades the following financial instruments for the account of its clients:

Non complex (simple) investment products: shares/subscriptions, government bonds/ corporate bonds/ Treasury Bills, mutual funds/time deposit investment plan, repos.

Complex investment products: products with capital guaranteed, investment plans, derivatives, such as forwards and synthetic swaps.

- **Notices-Reports to Clients**

The Bank sends its clients a confirmation of the transactions executed for their account not later than during the following business day upon day of execution. In case the Bank receives such confirmation from a third party, it sends the confirmation to clients not later than the following business day upon reception.

Also, the Bank sends to clients, whose financial instruments it holds, once per year at least, analytical information regarding their financial assets.

It is noted that in case the client is not available due to its own fault, the Bank shall pay all efforts to inform the client as soon as possible.

CATEGORIZATION OF CLIENTS

ATEbank has proceeded to the categorization of its clients into three categories, as required by Law no. 3606/2007 on Markets in Financial Instruments, in accordance with the services/products provided to them, and the information the Bank has for them.

The relevant Law sets three categories of clients, which are “**Retail Clients**” “**Professional Clients**” and “**Eligible Counterparties**”. The Bank deals with each client in accordance to its categorization and the rules set out by the Law for each category of clients. The different dealing mainly concerns the following:

- Information notified to client
- Evaluation of compatibility and suitability of investment services/products provided to client
- Reports sent to client regarding the investment service return
- The obligation of execution of client orders on terms most favorable to the client.

Pursuant to Law, the level of protection provided varies in accordance with the experience and the knowledge related to the category to which the client belongs. Within such context, Retail Client is provided with maximum protection in comparison with Professional Clients and Eligible Counterparties who are subject to a regime of reduced protection pursuant to provisions of Law no. 3606/2007, since the Bank considers that Professional Clients and Eligible Counterparties are more experienced in financial markets.

- **Retail Clients**

The Bank considers as Retail Clients the clients who do not fulfill the conditions of the Law in order to be characterized as Professional Clients or Eligible Counterparties and therefore they are regularly provided with information with the aim of providing them with higher level of protection. More specifically, ATEbank provides them with information regarding the Bank, the types and characteristics of financial instruments and related risks, the Bank’s safekeeping of financial instruments for the account of Retail clients, the costs and charges and the order best execution.

- **Professional Clients**

Pursuant to Law no.3606/2007 the following are considered as Professional Clients:

A. Entities, which are obliged to obtain an operational authorization or are subject to supervisory rules, in order to perform their particular activities in financial markets, irrespective of whether they have obtained an authorization from a member state in application of community legislation or have obtained an authorization or are subject to the supervisory rules of a member state without reference to a directive, or are firms that have obtained an authorization or are subject to the supervisory rules of a third country.

More specifically, in the particular case, as Professional Clients are considered credit institutions, Investment Firms, other financial institutions, insurance companies, collective investment undertakings and their management companies, pension funds and their management companies, commodities and relevant derivatives dealers, local firms, portfolio management companies and other institutional investors

B. Big companies which on an individual basis fulfill two of the following size criteria:

- Total amount of balance sheet: 20.000.000 Euros,
- Total turnover: 40.000.000 Euros,
- Owned capital: 2.000.000 Euros.

C. National and regional governments, public institutions administrating public debt, central banks, international and supranational organizations, such as the World Bank, the International Monetary Fund, the European Central Bank and the European Investment Bank.

D. Other institutional investors, the main activity of which is investing in financial instruments, including entities, the exclusive objective of which is the securitization of assets or other financing transactions.

The Bank considers that Professional Clients are in the position to evaluate and manage correctly the risks to which they are exposed. Therefore, Professional Clients receive a reduced level of protection in comparison with retail clients.

Eligible Counterparties

Pursuant to Law No. 3606/2007, the following are considered as eligible counterparties: Investment Firms, credit institutions, insurance companies, Undertakings of Collective Investment in Transferable Securities (UCITS) and their management companies, portfolio investment companies, pension funds, and their management companies, other financial institutions having obtained an operation authorization or are subject to community law regulations or member state legislation, companies exempted from the application of Law no. 3606/2007 pursuant to sections ia and ib, paragraph 3, article 3 of said Law, national Governments and their respective departments, (including public institutions managing public dept), central banks, supranational organizations, only for the services of execution of orders for the account of clients, dealing on own account, reception and transmission of orders.

This category of clients receives lower level of protection in comparison with Professional clients.

Eligible Counterparties do not receive the protection provided for by articles 25, 27 and 28 (par. 1) Law no. 3606/07 regarding transactions agreed between them.

- **Change of category – Re-categorization of clients**

Pursuant to Law no.3606/2007, clients are entitled to request in writing a change of category. Provided that the criteria set out in Law no. 3606/2007 are met, the following changes may take place:

- A retail client may change into a professional client for all or some services or financial instruments and this change entails transition into a regime of reduced protection.
- A professional client may change into a retail client for all or some services or financial instruments, and this change entails a transition into a regime of increased protection.
- An eligible counterparty may change into a professional or retail client in respect of services of order execution and/or deal on own account and/or reception and transmission of orders, and this change entails transition into a regime of increased protection.

In case that the Bank is informed that clients do not meet any more the criteria of the category they have been classified, the Bank maintains the right to change their category. In any case the interested client shall be promptly notified, before any investment service is provided or any transaction is executed.

Suitability and compatibility evaluation

Suitability evaluation upon provision of Investment Advices or Portfolio Management

ATEbank, in order to evaluate the suitability of services relating to investment advices or portfolio management for each retail client, is obliged to request information about his knowledge and experience, his financial situation and investment goals. Based on the above information, the Bank evaluates the client's investment profile and its ability to understand the risks that the transaction or the portfolio management entails and provides services that are considered appropriate for him.

As far as professional clients are concerned, the Bank considers that they have the necessary experience and knowledge to understand the risks related to financial products or services provided to them. However, pursuant to the provisions of the Law, ATEbank is obliged to request information about their financial situation and investment goals regarding these services.

In case the Bank does not receive from its client the above information required for suitability evaluation, it shall not provide investment advices or portfolio management services to that particular client.

It is stressed out that the suitability test is conducted upon information provided by the client. The Bank considers such information provided to be accurate. The provision of

full and accurate information by the client is at his own interest so that appropriate level of protection is provided to him.

Financial Instruments Compatibility Evaluation upon Reception, Transmission or Execution of Orders

In order to evaluate compatibility of services on complex products provided to each **retail** client, the Bank is obliged to request information about his knowledge and experience, which shall certify that the client is in the position to understand the risks related to investment product requested. If the retail client does not provide the information required or if the Bank considers, based on available information, that said investment product is not appropriate, it warns the client and proceeds to the provision of the service only after receiving his signed order.

It is noted that the Bank is not obliged to evaluate the appropriateness of financial instrument or investment service provided, as far as reception, transmission and order execution services on non complex products (such as listed shares, bonds etc.) in Greek and foreign markets are concerned, therefore clients are not covered by the protection provided by the relevant rules.

As far as professional clients are concerned, the Bank may consider that they have the experience and knowledge required in order to understand the risks related to financial instruments or services provided to them.

INFORMATION REGARDING FINANCIAL INSTRUMENTS AND INVESTMENT SERVICES

- **Brief description of financial instruments**

ATEbank offers a wide range of investment products and services to its clients. Participation in such products involves investment risks of various kinds and degrees. The most important of such products are the following:

1. Treasury Bills
2. Bonds
3. Shares
4. Mutual Funds
5. Repo
6. Investment Products with Capital Guaranteed
7. Investment Plans
8. Derivatives Products

Treasury Bills

Treasury Bills are non registered securities issued by the Greek State, with a term of up to 12 months, pursuant to provisions regarding dematerialized securities. They are sold at a price lower than their face value and their face value is paid at maturity. Their acquisition under certain conditions exempts them from taxing. The main risks related to Treasury Bills are credit risk and market risk.

Bonds

Bonds are debentures which may be issued by States-Corporations-Banks etc. Their acquisition, under certain conditions, exempts them from taxing.
The main risks involved are credit risk and market risk. Their term is 2 years or more.

Shares

Shares are financial instruments incorporating financial and administration rights. Shareholders are entitled to participate in the election of the company's Board of Directors, collect dividends, provided that their distribution is provided for, and vote for any important change envisaged for the company.
The main risks related to shares are liquidity risk and market risk.

Mutual Funds

Mutual fund is an asset composed by deposits of many savers. Such funds are invested, for the account of each saver, in securities listed on stock exchanges or other securities, repos etc., and in this way the Mutual Funds portfolio is created. Mutual fund is divided in units and the investors are called unit holders. Mutual fund belongs jointly to all unit holders in accordance with the number of units each one holds.

Repo

Repo (repurchase agreement) is an agreement where the Bank agrees to sell owned Greek State securities to the client and buy them back on a future date at a pre-agreed price.

Investment Products with Initial Capital Guaranteed at Maturity

Investment products with initial capital guaranteed at maturity are time deposits of special type, the initial capital of which is guaranteed by the Bank, provided that they are paid at maturity.

Underlying value: It is the value to which the return of Investment Products is connected (stock exchange indices, basket of shares, foreign currencies exchange rates, interest rates fluctuation, etc.)

The main risks related to such products are market risk and credit risk.

Investment Plans

These plans have the following form:

A) Investments where part of the capital is placed in a product of secured return (e.g. time-deposit, bond) and at the same time remaining capital is invested in products with a perspective of high return, such as UCITS units, stock exchange indices, foreign currency exchange rates etc.

B) Investments the return of which depends totally on the performance of various indices (interest rates, foreign currency exchange rates, basket of shares).

The main risks related to investment plans are credit risk and market risk.

Derivatives Products

Derivatives include currency forwards and swaps. These are forward agreements entered into by the client and the Bank in the form of standardized products, the terms of which may be amended only upon mutual agreement (over the counter trading).

- **Currency Forward**

Currency forwards are agreements to sell or buy the principal instrument (currency) on a future date and deliver it to the counterparty at the price and time agreed upon the date of execution of the agreement.

Therefore, there is a risk of loss, in case the client requests cancellation of the agreement, thus bearing the currency price difference, if the difference of currency prices between the cancellation date and the date of execution of the agreement is at his detriment.

In the worst case the loss corresponds to the price agreed upon execution of the agreement.

- **Currency Swap**

In general swaps are exchange agreements. Currency swaps are double currency exchanges, where, the Bank as the client's counterparty, on the one part, sells currency at market price and buys Euros, on the other part the Bank is also bound to repurchase the currency at the end of the agreement term at a pre-agreed price. The pre-agreed price corresponds to the market price increased or reduced by the difference of interest rates of the two currencies and the time period until maturity.

The main risk in Swaps of this type is related to the difference of interest rate and the time period between the beginning and the end of the agreement. The Synthetic Swap product provided by ATEbank is a synthetic currency deposit, in the context of a time deposit agreement with the Bank, on the basis of which the client buys from the Bank at spot price a respective amount of currency and places it in time deposit in the Bank.

At the same time, the client agrees in advance to sell the capital (currency) along with the interests to the Bank on the time deposit maturity date, at a pre-agreed (forward) price, without cancellation rights. Therefore, the client does not incur the risk of losing his capital, meaning that he knows in advance and accepts the amount that he shall receive at maturity (capital and interests).

- **Risks of financial instruments**

The Bank informs clients thoroughly in the terms of the agreement regarding the risks of each financial instrument and investment service provided. Indicatively, the main categories of risks are the following:

Credit risk: is the possibility that issuer or/ and guarantor fails to fulfill his obligations assumed for any reason.

Currency risk: is the risk resulting from negative changes in the exchange rate of the currency by which a particular financial instrument, in which clients have invested, is evaluated.

Liquidity risk: is the failure to liquidate a financial instrument in time and at a reasonable price. A product's liquidity is directly influenced by supply and demand, as well as infrastructure issues.

Market risk: is the risk concerning general investment environment, the understanding/will of investors and social, political and economic factors.

OTHER INVESTMENT SERVICES

The Bank offers:

- Underwriting of financial instruments services to companies being admitted to trading or already listed on Athens Stock Exchange.
- Custodianship services as ancillaries investment services provided to institutional investors, as well as natural persons (custody of bonds only) and legal persons. Within this context the Bank has established appropriate organizational regulations in order to minimize the risk of loss or reduction of client financial assets or rights to such financial assets, due to abuse of financial assets, fraud, bad management, inadequate record keeping or negligence.

In parallel, ATEbank may collaborate with third parties for the safekeeping of clients' financial assets. The selection of third parties is made upon specific criteria as these are described in ATEbank Client Financial Assets Safekeeping Policy. In each case a separate agreement between the client and the third party is required, in which the terms of collaboration between the two parties are described. Abiding by such terms is the responsibility of the client and the third party. It is noted that if a client has given any instruction for the selection of a particular third party, ATEbank shall bear no responsibility for such selection.

The administration of ATEbank's custodianship service is governed by an appropriate regulatory framework in order to ensure that the financial instruments of each of its clients are separated from its own, or those of any third custodian, or other clients. In addition, ATEbank assures the monitoring of the balances of the securities and the accuracy and consistence thereof with the data of third custodians at regular time periods, by keeping the necessary records.

ATEbank may finance purchase of securities taking as collateral financial instruments held for the account of the client or use in another way the financial instrument of the client on own account or for the account of another client.

In such cases ATEbank provides retail clients with precise, full and accurate information about its obligations and responsibilities regarding the use of the client's financial instruments, including the terms of return of financial instruments, as well as the relevant risks.

For Custodianship client portfolios in foreign market securities, where the intermediation of sub-custodian is required for the execution of transactions in these markets and the safekeeping of securities, the Bank selects sub-custodian upon client consent. In any case clientele securities portfolio held by the custodian for safekeeping is separated from the Bank's owned portfolio, and provided that a client wishes so, his portfolio may be separated from clientele's portfolio.

BRIEF DESCRIPTION OF POLICIES

ATEbank applies policies which are fully adjusted with the regulatory framework in force and an analytical brochure of which may be given to any investor, upon relevant request.

A brief description of certain among them follows:

- **CONFLICTS OF INTEREST**

The Bank provides a wide range of investment products and services and conflicts of interest may arise during the performance of its activities.

In order to ensure its clients' interests, the Bank takes all reasonable measures, as obliged by regulatory framework in force, to identify and administer conflicts of interest between itself, including all persons directly or indirectly related to it by means of a control relation, and its clients as well as between two or more of its clients during the performance of its services.

In case that despite the measures taken, the Bank considers that a conflict of interest is not sufficiently avoided, the Bank discloses to its clients the general nature and sources of conflicts of interest, before providing any investment or ancillary services. Indicatively, the following cases of conflict of interest may arise:

- If the Bank or persons related to the Bank, pursuant to legislation in force, receive from a client a consideration for the service provided to him, in cash or in kind or in services, other than the commission or fee fixed for the provision of such service.
- If, when providing investment advices, the Bank's employees recommend or execute transactions in financial instruments that serve their interests or the interests of the Bank.
- If the Bank or persons related to the Bank make use of any investment research regarding financial analysis carried out by the competent department, before such research is communicated to clients.
- If the Bank is likely to obtain a financial profit or avoid financial damage at the detriment of the client.
- If the Bank is informed about a company's straitened circumstances and trades on its financial instruments.
- If persons related to the Bank communicate to clients or make use of confidential information regarding transactions of other clients who are active in the same or relevant field.

Taking into consideration the above, the Bank has designed a framework in order to monitor its activities, with the aim of dealing with conflicts of interest and avoiding the provision of investment services and products, if such provision is likely to result in conflicts of interests.

- **CLIENT COMPLAINT MANAGEMENT**

The Bank, with the aim of fulfilling its obligation to act in an honest, fair and professional manner and best serving the interests of its clients, has established the Complaint Management Policy on the basis of, among others, the provisions of Law no. 3607/2007 and the Capital Market Decision (2/452/1.11.2007).

It has established procedures for the submission of grievances and complaints by its clients/investors with the aim of settling the disputes that may arise by the provision of investment services and ancillary services and has formed a special department responsible for the management of client complaints.

The Bank's complaint management procedure is integrated in the entire Bank's Quality Management System, which is certified by ISO 9001:2000, since July 31st, 2004.

The client, in order to express a grievance or submit a complaint, may address orally, in writing or electronically, to the network of branches, the competent Central Directorates, as well as the Department responsible for handling clientele's problems in Sub-Directorate of Communication, which belongs to Directorate of Management (11 Solonos Street, 10671 Athens, tel. 210-3298423 fax 210-3298517).

The result of the examination and the relevant position of the Bank are notified to the clients/investors not later than within 45 days upon reception of grievance/complaint by the Bank's competent department.

Also, if the client considers that his problem has not been satisfactorily solved, he may address to the Office of Banking-Investment Services Mediator (1 Massalias Street, 10680 Athens, tel. 210 3376700, fax 210 3238821), which is an independent entity and examines the client's complaint, when the Bank's complaint management procedure has been exhausted.

- **ORDER EXECUTION-BEST EXECUTION**

The Bank takes all reasonable measures in order to obtain the best execution of client orders. More specifically, it takes into account a number of factors, including:

- Financial instrument price
- Transaction cost
- Transaction speed
- Likelihood of execution and settlement
- Transaction size
- Nature of order
- Client instructions
- Product type and characteristics
- Other factors affecting order execution (e.g. market liquidity, tradability of order)

ATEbank is exempted from its best execution obligation when:

- It executes an order with specific and express instructions of the client.
- It executes orders with a method other than the one described in Order Execution Policy due to temporary non availability of the systems. ATEbank informs the client promptly by telephone regarding any failure to execute its order and any potential alternative ways for executing such order.
- The client is categorized as an eligible counterparty. In cases the client transmits an order to the Bank, providing specific instructions for its execution, the Bank follows strictly said instructions and considers automatically that in this manner it ensures the best possible result for the execution of such order.

The orders of the Bank's clients are received, transmitted and executed by the Bank's certified or authorized employees.

Finally, the Bank monitors systematically that the client orders are executed in accordance with the provisions of Order Execution Policy in force, reexamines its policy and proceeds to appropriate corrections whenever a material change occurs, which affects the Bank's ability to continue obtaining the best possible result for its clients.

- **OUTSOURCING**

The Bank has established the mechanisms required so that the agreements regarding services third parties provide to the Bank are monitored, therefore ensuring the interests of the clients and the group in general. The Bank monitors the regulatory and legal compliance of the agreements of services providers with the relevant acts of Bank of Greece, the legislation and the Bank's internal procedures.

INVESTORS COMPENSATION SYSTEM

The claims of investors-clients are covered by Deposit and Investment Guarantee Fund, which compensates the investors in case the Bank fails to fulfill its obligations towards them.

The compensation is paid pursuant to Law no. 3746/2009 (Governmental Gazette Issue 27A/16.2.2009) and Fund operation terms.

KEEPING OF RECORDS

Within the framework of application of Law no. 3606/2007 and other regulatory provisions, the Bank is obliged to keep:

- All records required pursuant to provisions of Law no. 3606/2007 and regulatory acts issued upon authorization by said Law, for a period of five years at least. Therefore, clients must provide all necessary information in order to receive the highest level of protection.
- Records containing the Bank's and client's respective rights and obligations on the basis of their agreement for the provision of services and the terms of transactions, at least for the entire term of the Bank's relation with the client.
- Record for each complaint and the measures taken in relation with the provision of investment services to clients.

COSTS-CHARGES

Costs, commissions, fees and other charges in respect of financial instruments and investment services provided by the Bank are fixed in accordance with the pricing policy in force at the time and the applicable legal/tax provisions; they are available to clients either through the Bank's network or through its web address <http://www.ate.gr>. Also, analytical pricing for the services performed may be provided to clients upon relevant request.