

# OFFERING CIRCULAR

PIRAEUS BANK



## PIRAEUS GROUP FINANCE PLC

(incorporated with limited liability in England and Wales)

as Issuer

and

## PIRAEUS BANK S.A.

acting through its head office or its London Branch (each an "Issuing Branch")

(incorporated with limited liability in the Hellenic Republic)

as Issuer and Guarantor

## €25,000,000,000 Euro Medium Term Note Programme

On 9 June 2004, each of Piraeus Group Finance PLC ("Piraeus PLC") and Piraeus Bank S.A. ("Piraeus Bank" or the "Bank" and, together with Piraeus PLC, the "Issuers" and each an "Issuer" and references herein to the "relevant Issuer" being to the Issuer of the relevant Notes (as defined below)) entered into a Euro Medium Term Note Programme (as subsequently amended, the "Programme"). All Notes (as defined below) issued under the Programme on or after the date hereof are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Under this €25,000,000,000 Programme, the Issuers may from time to time issue notes (the "Notes") denominated in any currency agreed with the relevant Dealer (as defined below). Notes may be issued as unsubordinated obligations (the "Senior Notes") or dated subordinated obligations ("Dated Subordinated Notes") of the relevant Issuer.

Notes issued by Piraeus PLC will be guaranteed by Piraeus Bank. In relation to any Notes issued by Piraeus Bank, the Issuing Branch through which Piraeus Bank is acting for such Notes will be specified in the applicable Final Terms.

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €25,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuous basis to the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers"). References in this Offering Circular to the "relevant Dealer" shall, in relation to any issue of Notes, be to the Dealer or Dealers agreeing to subscribe such Notes.

This Offering Circular comprises a base prospectus for Piraeus PLC and a base prospectus for Piraeus Bank, in each case for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU and any relevant implementing measure in a relevant Member State of the European Economic Area) (the "Prospectus Directive").

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors" below.

Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) (as amended) (the "Prospectus Act 2005") to approve this document as a base prospectus in respect of Piraeus PLC and a base prospectus in respect of Piraeus Bank. By approving the Base Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Offering Circular or the quality or solvency of the Issuers in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in the final terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, will be filed with the CSSF. Copies of Final Terms in relation to the Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer. The relevant Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. No Notes have been or will be registered under the United States Securities Act 1933, as amended (the "Securities Act") and are subject to U.S. tax law requirements.

Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "Subscription and Sale" below).

The Notes of each Tranche will be in bearer form and (unless otherwise specified in the applicable Final Terms) will initially be represented by a temporary global Note which will be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), and/or any other agreed clearance system and which will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Notes following the occurrence of an Exchange Event (as defined on page 64), all as further described in "Form of the Notes" and "Applicable Final Terms" below.

The Programme has been rated Caa3 (in the case of Senior Notes) and Caa3 (in the case of Dated Subordinated Notes) by Moody's Investors Services Cyprus Limited ("Moody's"), CCC+ (in the case of Senior Notes) and CC (in the case of Dated Subordinated Notes) by S&P Global Ratings S.r.l. Italy ("Standard and Poor's") and C (in the case of Senior Notes) by Fitch Ratings Limited ("Fitch"). Each of Moody's, Standard and Poor's and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such, each of Moody's, Standard and Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation and whether or not such credit rating agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Each Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Offering Circular, a drawdown offering circular or a new offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger  
Deutsche Bank

Dealers

Barclays  
BNP PARIBAS  
Commerzbank  
Deutsche Bank  
HSBC

BofA Merrill Lynch  
Citi  
Credit Suisse  
Goldman Sachs International  
Morgan Stanley



## **IMPORTANT INFORMATION**

Each of Piraeus PLC and Piraeus Bank (the “Responsible Persons”) accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below). This Offering Circular shall be read and construed on the basis that such documents are incorporated into and form part of this Offering Circular.

Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by Piraeus PLC and/or Piraeus Bank in connection with the Programme or any Notes or their distribution.

No person is or has been authorised by Piraeus PLC and/or Piraeus Bank to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information provided in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Piraeus PLC and/or Piraeus Bank or any Dealer.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by Piraeus PLC and/or Piraeus Bank or any Dealer that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and Piraeus Bank in the case of Notes issued by Piraeus PLC. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes constitutes an offer or invitation by or on behalf of Piraeus PLC and/or Piraeus Bank or any Dealer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning Piraeus PLC and/ or Piraeus Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of Piraeus PLC and/or Piraeus Bank during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

**IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes, from 1 January 2018 are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (IMD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU)

**No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.**

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY**

**This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of Piraeus PLC, Piraeus Bank or any of the Dealers represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by Piraeus PLC, Piraeus Bank or any of the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. For details of certain restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Greece) and Japan, see “Subscription and Sale” below.**

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands that existing liquidity arrangements (for example, re-purchase agreements by the Issuers) might not protect it from having to sell the Notes at substantial discount below their principal amount, in case of financial distress of the Issuers;
- (v) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (vi) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

For the avoidance of doubt, the content of any website to which active hyperlinks have been included in this Base Prospectus does not form part of the Base Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

**All references in this document to “Greece” or to the “Greek State” are to the Hellenic Republic.**

**All references in this document to “U.S.\$” and “\$” are to United States dollars, those to “Yen” are to Japanese Yen, those to “Sterling” and “£” are to pounds sterling and those to “€” “euro”, “Euro” and “EUR” are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.**

**Certain monetary amounts contained or incorporated by reference in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as total sums in certain tables may not be an arithmetic aggregation of the figures which precede them or may not compare to the corresponding figures contained in the relevant financial statements.**

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Section A – E (**A.1 – E.7**). This Summary contains all the Elements required to be included in a summary for the Notes and the relevant Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

### Section A – Introduction and warnings

| Element | Title |
|---------|-------|
|---------|-------|

|     |                                  |
|-----|----------------------------------|
| A.1 | <b>Introduction and Warnings</b> |
|-----|----------------------------------|

- **this summary should be read as an introduction to the Offering Circular;**
- **any decision to invest in the Notes should be based on consideration of the Offering Circular as a whole by the investors;**
- **where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Offering Circular before the legal proceedings are initiated; and**
- **civil liability attaches to only those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular or it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in such Notes.**

|     |                |
|-----|----------------|
| A.2 | <b>Consent</b> |
|-----|----------------|

[Not Applicable – the Notes are not being offered to the public as part of an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish an offering circular (a “Non-exempt Offer”).]

[*Consent:* Subject to the conditions set out below, the Issuer consents to the use of this Offering Circular in connection with an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish an offering circular (a “Non-exempt Offer”) by the Managers[, [*names of specific financial intermediaries listed in final terms,*] [and] [each financial intermediary whose name is published on Piraeus Bank’s website (www.piraeusbankgroup.com) and identified as an Authorised

Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under [the Financial Services and Markets Act 2000, as amended, or other ]applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):

“We, [*insert legal name of financial intermediary*], refer to the offer of [*insert title of relevant Notes*] (the “Notes”) described in the Final Terms dated [*insert date*] (the “Final Terms”) published by [*Piraeus Bank, S.A.*][*Piraeus Group Finance PLC*] (the “Issuer”). In consideration of the Issuer offering to grant its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in [*Greece/Luxembourg*] during the Offer Period and subject to the other conditions to such consent, each as specified in the Offering Circular, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Offering Circular) and confirm that we are using the Offering Circular accordingly.”]

*Offer period:* The Issuer’s consent referred to above is given for Non-exempt Offers of Notes during [*offer period for the issue to be specified here*] (the “Offer Period”).

*Conditions to consent:* The conditions to the Issuer’s consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; and (b) only extends to the use of this Offering Circular to make Non-exempt Offers of the relevant Tranche of Notes in [*Greece/Luxembourg*].

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.]**

## Section B – Issuers and Guarantor

| Element | Title                                                                        |
|---------|------------------------------------------------------------------------------|
| B.1     | Legal and commercial name of the Issuer [Piraeus Bank S.A. (“Piraeus Bank”)] |

[Piraeus Group Finance PLC (“Piraeus PLC”)]

(the “Issuer”).

**B.2 Domicile/ legal form/ legislation/ country of incorporation**

[Piraeus Bank is a company limited by shares (*société anonyme*) domiciled in Athens, Greece and incorporated in Greece pursuant to the laws of the Hellenic Republic and operating as a credit institution under the Codified Law 2190/1920 as in force and Greek Law 4261/2014 as in force.]

[Piraeus PLC is incorporated and domiciled in, and under the laws of, England as a public limited company of indefinite duration and operates under the Companies Act 2006.]

**B.4b Trend information**

Not Applicable – There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for its respective current financial year.

**B.5 Description of the Group**

Piraeus Bank is a universal bank and leads a group of companies (together, the “Group”) covering all types of financial and banking activities in the Greek market.

The Group possesses particular know-how in the areas of small and medium-sized enterprises (“SMEs”), retail banking, corporate banking, project finance, leasing, capital markets, investment banking and provides services in equity brokerage, asset management and bancassurance.

[Piraeus Bank is the flagship company of the Group and the direct parent of the majority of the subsidiaries comprising the Group.]

[Piraeus PLC is a wholly-owned subsidiary of Piraeus Bank. Piraeus PLC is dependent upon Piraeus Bank for servicing the loans made by Piraeus PLC.]

**B.9 Profit forecast or estimate**

Not Applicable – No profit forecasts or estimates have been made in the Offering Circular.

**B.10 Audit report qualifications**

Not Applicable – No qualifications are contained in any audit report included in the Offering Circular.

**B.12 Selected historical key financial information:**

**[Piraeus PLC**

The following tables set out selected financial information for Piraeus PLC for each of the two years ended 31 December 2016 and 31 December 2015. This financial information has been extracted from the audited financial statements of Piraeus PLC for the financial year ended 31 December 2016.]

## Statement of Financial Position

|                                           | As at 31 December              |                     |
|-------------------------------------------|--------------------------------|---------------------|
|                                           | 2016 <sup>(1)</sup>            | 2015 <sup>(1)</sup> |
| <b>ASSETS</b>                             | <b>Amounts in EUR thousand</b> |                     |
| Due from banks .....                      | 2,874                          | 2,951               |
| Cash .....                                | 9                              | 10                  |
| Current tax asset .....                   | 0                              | 30                  |
| <b>TOTAL ASSETS</b> .....                 | <b>2,883</b>                   | <b>2,991</b>        |
| <b>LIABILITIES</b>                        |                                |                     |
| Other liabilities .....                   | 35                             | 112                 |
| <b>TOTAL LIABILITIES</b> .....            | <b>35</b>                      | <b>112</b>          |
| <b>TOTAL EQUITY</b> .....                 | <b>2,848</b>                   | <b>2,879</b>        |
| <b>TOTAL LIABILITIES AND EQUITY</b> ..... | <b>2,883</b>                   | <b>2,991</b>        |

## Statement of Comprehensive Income

|                                                                                       | Year ended 31 December         |                     |
|---------------------------------------------------------------------------------------|--------------------------------|---------------------|
|                                                                                       | 2016 <sup>(1)</sup>            | 2015 <sup>(1)</sup> |
|                                                                                       | <b>Amounts in EUR thousand</b> |                     |
| Interest and similar income.....                                                      | 0                              | 32,847              |
| Interest expense and similar charges.....                                             | 0                              | (31,703)            |
| <b>Net interest income</b> .....                                                      | <b>0</b>                       | <b>1,144</b>        |
| General administrative expenses .....                                                 | (1)                            | (123)               |
| <b>Profit/(loss) before tax</b> .....                                                 | <b>(1)</b>                     | <b>1,021</b>        |
| Income tax expense.....                                                               | (30)                           | (214)               |
| <b>Profit/(loss) for the financial year</b> .....                                     | <b>(31)</b>                    | <b>807</b>          |
| Other comprehensive income.....                                                       | 0                              | 0                   |
| <b>Total comprehensive (expense)/income for the year attributable to owners</b> ..... | <b>(31)</b>                    | <b>807</b>          |

(1) The financial information has been extracted without material adjustment from the audited statement of financial position and income statement for the year ended 31 December 2016 prepared under International Financial Reporting Standards as endorsed by the European Union ("IFRS"), which include comparative numbers as of 31 December 2015. The comparative numbers as of 31 December 2015 were prepared under IFRS and were audited.

The following tables set out selected financial information for the Group on a consolidated basis for each of the two years ended 31 December 2016 and 31 December 2015 and for the three months ended 31 March 2017 and 31 March 2016 (as applicable). This financial information has been derived from the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 and the unaudited consolidated interim condensed financial information of the Group for the three-month period ended 31 March 2017 and 31 March 2016 (as applicable), respectively.

## Piraeus Bank

### Statement of Financial Position

|                                          | As at 31 December              |                     | As at 31 March      |                     |
|------------------------------------------|--------------------------------|---------------------|---------------------|---------------------|
|                                          | 2016 <sup>(1)</sup>            | 2015 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(2)</sup> |
|                                          | <b>Amounts in EUR thousand</b> |                     |                     |                     |
| <b>ASSETS</b>                            |                                |                     |                     |                     |
| Cash and balances with Central Banks     | 3,071,788                      | 3,644,821           | 2,820,786           | 3,511,415           |
| Loans and advances to customers ....     | 49,707,608                     | 50,591,193          | 47,416,932          | 48,912,941          |
| Debt securities – receivables .....      | 13,246,257                     | 16,985,336          | 10,525,616          | 16,999,217          |
| Investment portfolio.....                | 2,746,880                      | 2,739,869           | 3,118,454           | 2,641,072           |
| Intangible assets .....                  | 281,965                        | 274,159             | 276,223             | 269,928             |
| Property and equipment .....             | 1,498,411                      | 1,474,160           | 1,053,355           | 1,458,515           |
| Investment property .....                | 1,208,647                      | 1,035,911           | 1,249,152           | 1,035,629           |
| Other assets.....                        | 9,736,416                      | 9,594,115           | 9,659,956           | 9,224,797           |
| Assets from discontinued operations .    | 2,562                          | 1,594,414           | 526,825             | 1,628,530           |
| <b>TOTAL ASSETS.....</b>                 | <b>81,500,534</b>              | <b>87,933,978</b>   | <b>76,647,299</b>   | <b>85,682,044</b>   |
|                                          | <b>Amounts in EUR thousand</b> |                     |                     |                     |
|                                          | As at 31 December              |                     | As at 31 March      |                     |
|                                          | 2016 <sup>(1)</sup>            | 2015 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(2)</sup> |
| <b>LIABILITIES</b>                       |                                |                     |                     |                     |
| Due to credit institutions.....          | 27,020,940                     | 34,490,583          | 23,679,667          | 33,858,893          |
| Due to customers.....                    | 42,364,829                     | 39,357,642          | 40,960,361          | 37,911,076          |
| Debt securities in issue .....           | 69,515                         | 102,314             | 67,954              | 95,032              |
| Liabilities from discontinued operations | 1,483                          | 1,484,883           | 98,919              | 1,500,594           |
| Other liabilities .....                  | 2,220,029                      | 2,478,030           | 2,041,267           | 2,369,253           |
| <b>TOTAL LIABILITIES.....</b>            | <b>71,676,796</b>              | <b>77,913,452</b>   | <b>66,848,168</b>   | <b>75,734,848</b>   |
| <b>TOTAL EQUITY .....</b>                | <b>9,823,738</b>               | <b>10,020,526</b>   | <b>9,799,131</b>    | <b>9,947,196</b>    |
| <b>TOTAL LIABILITIES AND EQUITY ..</b>   | <b>81,500,534</b>              | <b>87,933,978</b>   | <b>76,647,299</b>   | <b>85,682,044</b>   |

## Selected Income Statement

|                                                                                                                     | Year ended          |                     | As at               |                     |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                                                     | 31 December         | 31 December         | 31 March            | 31 March            |
|                                                                                                                     | 2016 <sup>(1)</sup> | 2015 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(2)</sup> |
| <b>Amounts in EUR thousand</b>                                                                                      |                     |                     |                     |                     |
| Net Interest Income.....                                                                                            | 1,810,713           | 1,877,220           | 440,273             | 447,455             |
| Plus: Net Fee and Commission income.....                                                                            | 325,742             | 305,659             | 81,011              | 73,623              |
| Trading and Other Income.....                                                                                       | 229,597             | 210,228             | 30,375              | 15,987              |
| <b>Total Profit for the period.....</b>                                                                             | <b>2,366,052</b>    | <b>2,393,107</b>    | <b>551,659</b>      | <b>537,065</b>      |
| Less: Staff costs.....                                                                                              | (627,511)           | (771,908)           | (144,423)           | (151,596)           |
| Less: Administrative expenses .....                                                                                 | (583,945)           | (588,995)           | (122,818)           | (126,802)           |
| Depreciation and amortisation .....                                                                                 | (110,611)           | (111,778)           | (26,729)            | (26,629)            |
| Less: (Gains)/losses from sale of assets .....                                                                      | -                   | -                   | -                   | -                   |
| <b>Total operating expenses before provisions.....</b>                                                              | <b>(1,322,067)</b>  | <b>(1,472,681)</b>  | <b>(293,969)</b>    | <b>(305,028)</b>    |
| <b>Profit before provisions, impairment and income tax .....</b>                                                    | <b>1,043,985</b>    | <b>920,426</b>      | <b>257,690</b>      | <b>232,037</b>      |
| Less: Impairment losses on loans and advances to customers, debt securities and other assets. ....                  | (1,139,419)         | (3,644,322)         | (265,744)           | (263,683)           |
| Less: Impairment on participation and investment securities .....                                                   | (28,125)            | (27,180)            | -                   | -                   |
| Less: Other provisions and impairment .....                                                                         | (26,053)            | (166,111)           | (4,231)             | (6,756)             |
| Plus: Share of profit of associates and joint ventures .....                                                        | (18,169)            | (12,766)            | (7,125)             | (298)               |
| <b>Profit/(Loss) before income tax.....</b>                                                                         | <b>(167,781)</b>    | <b>(2,929,953)</b>  | <b>(19,410)</b>     | <b>(38,699)</b>     |
| Less: Income tax.....                                                                                               | 158,966]            | 1,068,562           | 12,927              | 2,908               |
| <b>Profit/(Loss) for the period from continuing operations.....</b>                                                 | <b>(8,816)</b>      | <b>(1,861,390)</b>  | <b>(6,483)</b>      | <b>(35,792)</b>     |
| Profit/(Loss) after income tax from discontinued operations .....                                                   | (31,327)            | (34,606)            | (1,328)             | (8,345)             |
| <b>Profit/(Loss) for the period .....</b>                                                                           | <b>(40,143)</b>     | <b>(1,895,996)</b>  | <b>(7,811)</b>      | <b>(44,137)</b>     |
| Profit/(Loss) for the period from continuing operations attributable to equity holders of the parent entity .....   | (3,664)             | (1,858,220)         | (6,035)             | (35,334)            |
| Profit/(Loss) for the period from discontinued operations attributable to equity holders of the parent entity ..... | (31,322)            | (34,628)            | (1,421)             | (8,452)             |

(1) The financial information has been extracted without material adjustment from the audited IFRS consolidated Statement of Financial Position, income statement and statement of total comprehensive income for the year 2016.

(2) The financial information has been extracted without material adjustment from the unaudited IFRS consolidated Statement of Financial Position, income statement and statement of total comprehensive income for the three months ended 31 March 2017 and 31 March 2016 (as applicable).

### **Statements of no significant change**

There has been no significant change in the financial or trading position of Piraeus Bank or the Group since 31 March 2017, the last day of the financial period in respect of which the most recent financial statements of Piraeus Bank and the Group have been prepared.

There has been no significant change in the financial or trading position of Piraeus PLC since 31 December 2016, the last day of the financial period in respect of which the most recent financial statements of Piraeus PLC have been prepared.

### ***Statements of no material adverse change***

There has been no material adverse change in the prospects of Piraeus Bank or the Group since 31 December 2016, the last day of the financial period in respect of which the most recently audited financial statements of Piraeus Bank and the Group have been prepared.

There has been no material adverse change in the prospects of Piraeus PLC since 31 December 2016, the last day of the financial period in respect of which the most recently audited financial statements of Piraeus PLC have been prepared.

- |             |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>B.13</b> | <b>Events impacting the Issuer's solvency</b> | Not Applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>B.14</b> | <b>Dependence upon other group entities</b>   | <p>See Element B.5. [Piraeus Bank is the direct parent of the majority of the subsidiaries comprising the Group and is not dependent upon any other entities within the Group.]</p> <p>[Piraeus PLC is a wholly-owned subsidiary of Piraeus Bank. Piraeus PLC is dependent upon Piraeus Bank for servicing the loans made by Piraeus PLC.]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>B.15</b> | <b>Principal activities</b>                   | <p>[Piraeus Bank's activities consist of the following main operational segments:</p> <ul style="list-style-type: none"><li>• Retail Banking – offering a variety of products in retail banking and developing specialised products for clients including deposit and investment products, consumer and mortgage loans, credit cards, bancassurance and insurance brokerage services;</li><li>• Corporate and SMEs Banking – providing financial services to businesses operating in all sectors including business lending and project finance and focussing on servicing the SME market segment;</li><li>• Investment Banking – providing underwriting and advisory services throughout the capital markets product spectrum, stock futures trading, equity participations;</li><li>• Asset Management – providing asset management services covering mutual funds as well as private and institutional investors' portfolios and providing wealth management services;</li><li>• Treasury – overseeing asset and liability management of the Group, engaging in sales and trading activities of Piraeus Bank's clientele and developing competitive specialised financial products; and</li><li>• International Banking Activities – providing banking services to private and corporate customers through retail units located abroad, offering specialised financial services including leasing, insurance and investment services and real estate across the Group's international network.]</li></ul> |

[Piraeus PLC is a finance company whose sole business is raising debt to be on-lent to Piraeus Bank on an arm's-length basis. Piraeus PLC is dependent upon Piraeus Bank for servicing these loans.]

**B.16 Controlling shareholders**

[[The majority shareholder of Piraeus PLC is Piraeus Bank.] Piraeus Bank is, directly or indirectly, also the ultimate parent company of the majority of the companies comprising the Group and is not aware of any person or persons who does or could, directly or indirectly, jointly or severally, exercise control over Piraeus Bank.]

**B.17 Credit ratings**

The Programme has been rated Caa3 (in the case of Senior Notes) and Caa3 (in the case of Dated Subordinated Notes) by Moody's Investors Services Cyprus Limited ("Moody's"), CCC+ (in the case of Senior Notes) and CC (in the case of Dated Subordinated Notes) by S&P Global Ratings S.r.l Italy ("Standard & Poors") and C (in the case of Senior Notes) by Fitch Ratings Limited ("Fitch").

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme by Moody's, Standard & Poors or Fitch.

[The Notes to be issued [have been/are expected to be] rated [ ] by [ ].]

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

[Not Applicable – No ratings have been assigned to the Issuer or its debt securities at the request of or with the co- operation of the Issuer in the rating process.]

**B.18 Description of the Guarantee**

[Not Applicable. The Notes issued by Piraeus Bank are not guaranteed.]

[The payment of principal and interest in respect of the Notes issued by Piraeus PLC will be irrevocably guaranteed by Piraeus Bank S.A. (the "Guarantor").]

[In the case of Senior Notes, the obligations of the Guarantor under its guarantee will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to the provisions of the Guarantor's negative pledge) and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.]

[In the case of Dated Subordinated Notes, all claims under the guarantee will be subordinated to the claims of the Senior

Creditors of the Guarantor in that payments will be conditional upon the Guarantor being solvent at the time of payment and in that no amount shall be payable under the guarantee except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of the Guarantor, which are due and payable.

“Senior Creditors” means creditors of the relevant Issuer or, as the case may be, the Guarantor who (x) are unsubordinated creditors of the relevant Issuer or, as the case may be, the Guarantor or (y) are subordinated creditors of the relevant Issuer or, as the case may be, the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes (whether only in the winding up of such Issuer or, as the case may be, the Guarantor, or otherwise) or (in case of the Guarantor) other persons claiming under the applicable deed of guarantee.]

**B.19 Information about the Guarantor**

[Not Applicable. The Notes issued by Piraeus Bank are not guaranteed.]

[Piraeus Bank is the Guarantor of Notes under the Programme.

Information relating to Piraeus Bank is set out in this Section B.]

**Section C – Securities**

**Element Title**

**C.1 Description of Notes/ISIN**

The Notes are [£/€/U.S.\$/CHF/JPY/[ ]] [ ] [[ ] per cent./Reset/Floating Rate/Zero Coupon] Notes due [ ].

The International Securities Identification Number (“ISIN”) is [ ].

The Common Code is [ ].

[The Notes will be consolidated and form a single series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expressed to occur on or about [*date*].]

**C.2 Currency**

The currency of this Series of Notes is [Pounds Sterling (“£”)/Euro (“€”)/U.S. dollars (“U.S.\$”)/Swiss Francs (“CHF”)/Japanese Yen (“JPY”)/[ ]].

**C.5 Restrictions on transferability**

Not Applicable - There are no restrictions on free transferability of the Notes.

**C.8 Rights attached to the Notes, including ranking and limitations on those rights**

Notes issued under the Programme will have terms and conditions relating to, among other matters:

***Status and Subordination***

Notes may be issued on either a senior or a subordinated basis

referred to as the Senior Notes and the Dated Subordinated Notes, respectively.

Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuers' negative pledge below) unsecured obligations of the relevant<sup>1</sup> Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of such Issuer (other than those preferred by mandatory provisions of law).

Payments in respect of any Dated Subordinated Notes will constitute direct, unsecured and subordinated obligations of the relevant Issuer and will rank at all times *pari passu* among themselves. All claims in respect of the Dated Subordinated Notes will be subordinated to the claims of the Senior Creditors of the relevant Issuer in that payments will be conditional upon such Issuer being solvent at the time of payment and in that no amount shall be payable under the Dated Subordinated Notes except to the extent that the relevant Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the relevant Issuer shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of such Issuer, which are due and payable.

[This Series of Notes is issued on a [senior/subordinated] basis.]

### ***Issuers' negative pledge***

The terms of the Senior Notes will contain a negative pledge provision to the effect that, so long as any Senior Note remains outstanding, neither the relevant Issuer nor the Guarantor (where the Issuer is Piraeus PLC) will, save for certain exceptions, create or permit to subsist any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertakings or assets, to secure any borrowings of the relevant Issuer or the Guarantor (if applicable) having an original maturity of more than one year represented by bonds, notes, debentures or other debt securities which, with the consent of the relevant Issuer or the Guarantor (if applicable) are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities, or any guarantee or indemnity given in respect thereof, without at the same time or promptly securing the Notes equally and rateably therewith or providing other security for the Notes as shall be approved by an extraordinary resolution of the holders of the Senior Notes.

The Dated Subordinated Notes do not contain a negative pledge.

### ***Events of default***

---

<sup>1</sup> References to 'relevant Issuer' to be amended to 'Issuer' throughout summary when Issue specific summary produced.

The terms of the Senior Notes will contain, amongst others, the following events of default:

- (i) default in payment of any principal or interest due in respect of the Senior Notes, continuing for a specified period of time;
- (ii) non-performance or non-observance by the relevant Issuer or the Guarantor (if the Issuer is Piraeus PLC) of any of its other obligations under the conditions of the Senior Notes, in certain cases continuing for a specified period of time;
- (iii) acceleration by reason of default of the repayment of any indebtedness or default in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness by the relevant Issuer or the Guarantor (if the Issuer is Piraeus PLC), in any case so long as any such indebtedness exceeds the specified threshold;
- (iv) order made by any competent court or resolution passed for winding up or dissolution of the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) (other than for specified exceptions);
- (v) save for the purposes of specified exceptions, the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) ceases to carry on the whole or substantially the whole of its business;
- (vi) events relating to the winding-up or dissolution of the relevant Issuer or the Guarantor (as the case may be);
- (vii) disposal of whole or major part of undertakings or assets that is substantial in relation to the assets of the relevant Issuer or Piraeus Bank and its subsidiaries as a whole (except where such disposal is on an arm's length basis); and
- (viii) (where the Issuer is Piraeus PLC) the Guarantee ceases to be in full force and effect.

The terms of the Dated Subordinated Notes will contain, amongst others, the following events of default:

- (i) default in payment of any principal or interest due in respect of the Dated Subordinated Notes, continuing for a specified period of time; and
- (ii) order made by any competent court or resolution passed for winding up or dissolution of the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) (other than for an amalgamation or reconstruction approved by an extraordinary resolution of the holders of Dated Subordinated Notes).

### ***Taxation***

All payments in respect of Notes issued by Piraeus Bank will be made without deduction for or on account of Greek withholding taxes (and, in the case of Notes issued by Piraeus Bank through a branch situated in a jurisdiction other than the Hellenic Republic, withholding taxes imposed by the jurisdiction where such branch is situated) and all payments in respect of Notes issued by Piraeus PLC will be made without deduction for or on account of UK withholding taxes, in each case unless required by law. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts in respect of interest and, in respect of the Senior Notes only, principal and premium, to cover the amounts so deducted in respect of such interest and, in respect of the Senior Notes only, principal and premium.

All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### ***Meetings***

The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

### ***Governing law***

Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except that the conditions relating to (i) the status and waiver of set-off of the Dated Subordinated Notes where Piraeus Bank acts in its capacity as issuer or guarantor and (ii) the status and waiver of set-off of the guarantee in relation to the Dated Subordinated Notes, shall be governed by Greek law.

#### **C.9 Interest/Redemption including:**

Please also refer to Element C.8

#### ***Interest***

- **the nominal interest rate**
- **the date from which interest**

[The Notes bear interest [from their date of issue/from [ ]] at the fixed rate of [ ] per cent. per annum.

Interest will be paid [annually/semi- annually/quarterly/monthly]

|                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>becomes payable and the due dates for interest</b>                                                                                      | in arrear on [ ] [and [ ]] in each [year/month] [, subject to adjustment for non-business days]. The first interest payment will be made on [ ].]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>• <b>where the rate is not fixed, description of the underlying on which it is based</b></li> </ul> | <p>[The Notes bear interest (a) [from their date of issue/from [ ]] to the first Reset Date occurring thereafter at an initial fixed rate of [ ] per cent. per annum; and (b) in respect of each successive [ ]-year period thereafter, at a rate per annum equal to the sum of [ ] and a margin of [ ] per cent., in each case, payable [annually/semi-annually/quarterly/monthly] in arrear on [ ] [and [ ]] in each [year/month].]</p> <p>[The Notes bear interest [from their date of issue/from [ ]] at floating rates calculated by reference to [ ] month [[<i>currency</i>] LIBOR/EURIBOR [plus/minus] a margin of [ ] per cent. Interest will be paid [annually/semi-annually/quarterly/monthly] in arrear on [ ] [and [ ]] in each [year/month], subject to adjustment for non-business days. The first interest payment will be made on the interest payment date falling in [ ].]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> |
| <b>Redemption maturity date and arrangements for the amortisation of the loan, including the repayment procedures</b>                      | <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [ ] at [par/[ ] per cent. of their nominal amount].</p> <p>The Notes may be redeemed early for tax reasons [and regulatory capital disqualification reasons] at [ ] per cent. of the nominal amount of the Notes. [The Notes may also be redeemed before the maturity date at the option of [the Issuer ([either in whole or in part] / [in whole only]) [and/or] [the holders of the Notes] at [100 per cent. of the nominal amount of the Notes/[ ]] on [ ] [and [ ].]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Indication of yield</b>                                                                                                                 | [The yield on the Notes is [ ] per cent. per annum.]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Representative of holders</b>                                                                                                           | Not Applicable – No representative of the holders of the Notes has been appointed by the Issuers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>C.10 Derivative component in the interest payments</b>                                                                                  | <p>Please also refer to Element C.9</p> <p>Not Applicable – There is no derivative component in the interest payments.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>C.11 Admission to trading in respect of Notes with a denomination of less than EUR100,000 (or its equivalent in other currencies)</b>   | [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange].] [Not Applicable - The Notes are not intended to be admitted to trading on any market.]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>C.21 Admission to trading in respect of Notes</b>                                                                                       | [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**with a denomination of at least EUR100,000 (or its equivalent in other currencies)**

the [Luxembourg Stock Exchange].] [Not Applicable - The Notes are not intended to be admitted to trading on any market.]

## **Section D – Risks**

| <b>Element</b> | <b>Title</b>                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>D.2</b>     | <b>Key risk factors regarding the Issuer [and the Guarantor]</b> | <p>In purchasing Notes, investors assume the risk that the relevant Issuer [and/or the Guarantor (if applicable)] may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the relevant Issuer [and/or the Guarantor] becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks or to determine which risks are most likely to occur, as the relevant Issuer [and the Guarantor (if applicable)] may not be aware of all relevant risks and certain risks which they currently deem not to be material may become material as a result of the occurrence of events outside such Issuer's [and the Guarantor's (if applicable)] control. The Issuers [and the Guarantor (if applicable)] have identified a number of key risks which could materially adversely affect their businesses and ability to make payments due under the Notes. These include:</p> <ul style="list-style-type: none"><li>• the financial recession in the Greek economy and the adverse macroeconomic developments are likely to have a material adverse effect on Piraeus Bank's performance, results of operations and financial conditions;</li><li>• Piraeus Bank operates in a regulated environment that imposes costs and significant compliance requirements. Changes in regulatory framework, including new capital requirements, may further increase the cost and complexity of doing business, or may disadvantage Piraeus Bank relative to its competitors. The failure to comply with regulations could subject Piraeus Bank to sanctions or oblige it to change the scope or nature of its operations;</li><li>• Piraeus Bank may be subject to the powers granted to authorised authorities in the United Kingdom as part of the special resolution regime under the Banking Act 2009, including the bail-in power;</li><li>• Piraeus Bank's ability to raise funds in the capital markets is restricted due to the ongoing financial crisis, the difficult fiscal position of the Hellenic Republic and the significant deposit outflows Piraeus Bank and the Greek banking sector generally have suffered, making it dependent on the European Central Bank and the Bank of Greece for funding and vulnerable to changes in the regulations of these institutions;</li><li>• the measures taken by various governments to strengthen</li></ul> |

Greek banks' capital and liquidity positions may not result in desired improvements and such failure poses risks that can materially harm Piraeus Bank's business, financial conditions and results of operations;

- the management and business decisions of Piraeus Bank may be materially affected by the veto powers of the representatives appointed under the support scheme and under the Hellenic Financial Stability Fund's recapitalisation of Greek banks;
- the acquisitions of various businesses made by Piraeus Bank may not result in expected benefits and cost synergies;
- Piraeus Bank is subject to the stress tests analysis published by various regulators which may affect market perception and lead to loss of confidence thereby having an adverse effect on operations and financial condition of Piraeus Bank;
- Piraeus Bank's international operations are exposed to the risk of adverse political, governmental or economic developments in the countries in which it operates; and
- Piraeus Bank is subject to the risk of adverse changes in credit quality of borrowers and the repayment of loans and amounts due from borrowers and counterparties, which, along with past due loans and Non-Performing Loans (as defined below), may negatively affect the Group's operating results. The ability of Piraeus Bank to obtain payments from defaulting creditors may be limited by the applicable laws and regulations.
- the "Emphasis of matter" statement in each of the auditors' reports in the financial statements of Piraeus Bank for years ended 31 December 2016 and 31 December 2015 in relation to Piraeus Bank's ability to continue as a going concern;

[In the case of Piraeus PLC such key issues include:

- Piraeus PLC is a funding vehicle for Piraeus Bank. Therefore, any failure by Piraeus Bank to pay amounts outstanding under any intra-group loans made by Piraeus PLC to Piraeus Bank would affect Piraeus PLC's ability to meet its payment obligations under the issued Notes;

### **D.3 Key risks regarding the Notes**

There are also risks associated with the Notes. These include a range of market risks (including that there may be no or only a limited secondary market in the Notes and therefore, holders of Notes may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market, that the Notes may be redeemed prior to maturity upon the occurrence of certain tax or regulatory events, that the Notes can be subject to bail-in, that an optional redemption feature is likely to limit the secondary market value of the Notes such that the secondary market value of such Notes will not rise substantially above the

price at which they can be redeemed, that the relevant Issuer's ability to convert the interest rate on Notes from a fixed rate to a floating rate (or vice versa) will affect the secondary market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing and to a rate which is lower than other comparable fixed or floating rate notes (as applicable), that the Reset Notes will initially be on interest at the initial rate of interest but such interest will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Notes and could affect the market value of the Notes, that the secondary market value of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes, that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency, that any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes and that changes in interest rates will affect the value of Notes which bear interest at a fixed rate), that the relevant Issuer's [and Guarantor's (if applicable)] obligations under Dated Subordinated Notes are subordinated and will rank junior in priority to the claims of Senior Creditors. Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that a holder of a Subordinated Note will lose some or all of their investment should the relevant Issuer become insolvent, the fact that the conditions of the Notes may be modified without the consent of the holder in certain circumstances, that the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the relevant Issuer [or the Guarantor (if applicable)] in order to comply with applicable law and that investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them.

### **Section E – Offer**

| <b>Element</b> | <b>Title</b>                                                                                                    |                                                                                                                                                                                                                                                     |
|----------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>E.2b</b>    | <b>Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks</b> | [The net proceeds from the issue of Notes will be applied by the Issuer for the general corporate and financing purposes of the Group [and[ ]].]                                                                                                    |
| <b>E.3</b>     | <b>Terms and conditions of the offer</b>                                                                        | <p>[This issue of Notes is being offered in a Non-exempt Offer in [specify particular country/ies].</p> <p>The issue price of the Notes is [ ] per cent. of their nominal amount.</p> <p>[Summarise any public offer, copying the language from</p> |

*paragraphs [8viii] and [9] of Part B of the Final Terms.]*

Offer Price: [Not Applicable/[ ]]

Conditions to which the offer is subject: [Not Applicable/[ ]]

Description of the application process: [Not Applicable/[ ]]

Details of the minimum and/or maximum amount of application (whether in numbers of securities or aggregate amount to invest): [Not Applicable/[ ]]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[ ]]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[ ]]

Full description of the manner and date on which results of the offer are to be made to public: [Not Applicable/[ ]]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[ ]]

Process for notification to applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made: [Not Applicable/[ ]]

Details of any tranche(s) reserved for specific country: [Not Applicable/[ ]]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[ ]]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[ ]]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/[ ]]

- E.4 Interest of natural and legal persons involved in the issue/offer** The Dealers will be paid aggregate commissions equal to [ ] per cent. of the nominal amount of the Notes. Any Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their respective] affiliates in the ordinary course of business.
- [Other than as mentioned above, [and save for [ ],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]
- E.7 Expenses charged to the investor by the Issuer** Not Applicable – No expenses will be charged to investors by the Issuer.

## **RISK FACTORS**

In purchasing Notes, investors assume the risk that Piraeus PLC and/or Piraeus Bank may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in Piraeus PLC and/or Piraeus Bank becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks or to determine which risks are most likely to occur, as Piraeus PLC and Piraeus Bank may not be aware of all relevant risks and certain risks which they currently deem not to be material may become material as a result of the occurrence of events outside Piraeus PLC's and Piraeus Bank's control. Piraeus PLC and Piraeus Bank have identified in this Offering Circular a number of factors which could materially adversely affect their respective businesses and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE RELEVANT ISSUER AND/OR THE GUARANTOR, IF APPLICABLE, OR ANY DEALER.

CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

**FACTORS THAT MAY AFFECT PIRAEUS BANK'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED BY IT UNDER THE PROGRAMME AND/OR UNDER THE DEED OF GUARANTEE RELATING TO NOTES ISSUED BY PIRAEUS PLC.**

### **Macro-economic environment and the Hellenic Republic**

For the full year period ended 31 December 2016 as well as for the first quarter of 2017, 92.0 per cent. of Piraeus Bank's total net interest income was derived from its operations in Greece. As a result, macroeconomic developments and political conditions in Greece affect Piraeus Bank's business and results of its operations, the quality of its assets and its general financial condition directly and significantly. In addition, as a financial institution operating in Greece, Piraeus Bank holds a portfolio of Greek government debt. As at 31 December 2016, positions in debt securities issued by the Hellenic Republic amounted to €2,078.1 million, including Greek government bonds with a book value of €409.6 million and Greek treasury bills with a book value of €1,668.1 million. In total, Greek government debt represented 2.5 per cent. of Piraeus Bank's assets as at 31 December 2016, whereas Greek government bonds (excluding Greek treasury bills) represented 0.5 per cent. of its assets as at 31 December 2016. As at 31 March 2017, the amount of debt securities issued by the Hellenic Republic and held by Piraeus Bank amounted to €2,246.5 million, including Greek government bonds with a book value of €560 million and Greek treasury bills with a book value of €1,687 million. In total, Greek government debt represented 2.9 per cent. of

Piraeus Bank's assets as at 31 March 2017, whereas Greek government bonds (excluding Greek treasury bills) represented 0.7 per cent. of Piraeus Bank's assets as at 31 March 2017.

As a result of continuous difficulties in the domestic environment, as well as the imposition of capital controls in mid-2015, the current long term credit rating of Greece by Moody's, Standard & Poor's and Fitch is Caa2 (Positive), B- (Stable) and CCC, respectively, while its short term rating is NP, B and C, respectively. Moody's upgraded the credit rating of Greece to Caa2/NP on 23 June 2017, changing its outlook to 'positive' from 'stable'. Standard & Poor's upgraded the sovereign rating to B- (Stable)/ B from CCC+ (Stable)/C on 22 January 2016 and affirmed it on 20 January 2017, while Fitch upgraded the sovereign rating on 18 August 2015 to CCC/C from CC/C and since then has affirmed it on 13 November 2015, 11 March 2016, 2 September 2016 and 24 February 2017.

The Greek economy has encountered and continues to encounter significant fiscal challenges and structural weaknesses. The Greek economy has had several years of recession and the Hellenic Republic faces sizeable pressure on its public finances. Greece's General government gross debt as at 31 December 2016 was €314.9 billion compared to €311.7 billion as at 31 December 2015. Given the current macroeconomic environment, further adverse macroeconomic developments are likely to have a material adverse effect on Piraeus Bank's business, results of operations and financial condition.

In this context a series of potential risks exists:

- The Greek economy continues to face significant macroeconomic challenges and uncertainties around the macroeconomic forecast remain large.
- The need to implement additional austerity measures may extend recessionary pressure and exacerbate the deterioration of the financial climate, lack of liquidity and shrinkage of private consumption in Greece. This would create a need for additional fiscal measures, as was the case during the previous years since the country entered recession in 2008.
- The main endogenous risks are related to the pace at which confidence will be restored in the Greek economy, and to the lifting of capital control restrictions in the most timely manner, in order to boost investment and domestic demand.
- Greece may fail to implement or realise the benefits of the new supporting programme for Greece opened on 19 August 2015 (the "Third Economic Adjustment Programme") by the European Stability Mechanism (the "ESM"), the European Commission and the European Central Bank (the "ECB"), leading to significant political and economic consequences.
- A lack of progress by authorities and banks in managing non-performing loans ("Non-Performing Loans" or "NPLs"), the successful implementation of which would result in cleaning and strengthening bank balance sheets and in improving the payment culture, could severely undermine the ability of banks to supply more credit and support strong, sustainable economic and employment growth.
- Given that the credit ratings of Greek banks are related to the credit rating of the Hellenic Republic, a potential further downgrade of the Hellenic Republic could affect Piraeus Bank's credit rating and, ultimately, its results of operations and financial condition.

## **Banking Markets**

The Greek wholesale and retail banking markets are competitive. Developments in these markets and increased competition could have an adverse effect on Piraeus Bank's financial position.

## Regulation

From early November 2014, Piraeus Bank has been directly supervised by the ECB within the framework of the Single Supervisory Mechanism (“SSM”). The regulatory regime imposes various compliance requirements upon Piraeus Bank, including in relation to the training, authorisation and supervision of personnel, systems, processes and documentation. If Piraeus Bank fails to comply with such regulations, there is a risk of an adverse impact on its business due to sanctions, fines or other actions imposed by the regulatory authorities. The Bank of Greece, the ECB and other bodies could impose further regulations or other obligations, laws, administrative actions, in relation to current and past dealing with customers, either in Greece or in each jurisdiction where Piraeus Bank operates. Furthermore, in light of the current market environment, there have been changes to the regulations governing financial and credit institutions and governmental rules imposed on them. In response to the financial crisis, national governments as well as supranational organisations, such as the European Union (“EU”), have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy and the scope of banks’ operations. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of Piraeus Bank’s participation in any government or regulator-led initiatives, such as the Support Scheme and the Hellenic Financial Stability Fund (“HFSF”)), Piraeus Bank expects to face greater regulation in Greece and in the countries where it operates. Consequently, Piraeus Bank may face increased capital requirements, stricter disclosure requirements and restricted types of permitted transactions, thus affecting its strategy and limiting or requiring the modification of rates or fees that Piraeus Bank charges on certain loan and other products, any of which could lower the return on its investments, assets and equity. Piraeus Bank may also incur costs in complying with these regulations or obligations relating to its business, including potential compensation and costs relating to advice given to customers. The new regulatory framework may have a significantly wider scope than the previous regime and may have unintended consequences for the Greek financial system or Piraeus Bank’s business, including increasing competition, increasing general uncertainty in the markets, or advantaging or disadvantaging certain lines of business.

**There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union following the result of the UK referendum on 23 June 2016 and the subsequent triggering of Article 50 by the UK Government on 29 March 2017.**

On 23 June 2016 the UK held a referendum to decide on the UK’s membership of the European Union. The result of the referendum was to leave the European Union and the UK Government invoked Article 50 of the Lisbon Treaty relating to withdrawal from the European Union on 29 March 2017. Under Article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK’s exit terms is likely to take a number of years. Until the terms and timing of the UK’s exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK’s departure from the European Union and/or any related matters may have on the business of Piraeus Bank and the Group. As such, no assurance can be given that such matters would not adversely affect the ability of Piraeus Bank and/or Piraeus PLC to satisfy their respective obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

## ***Risks Relating to Piraeus Bank's Business***

### **Financial Risk**

Control of financial risk is one of the most important risk factors for financial institutions. Financial risk includes credit, liquidity, operational and market risk. Failure to control these risks can result in material adverse effects on Piraeus Bank's financial performance and reputation.

### **Credit Risk**

The Group engages in activities that can expose it to credit risk. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Group and therefore effective monitoring and active management of credit risk constitutes a top priority for senior management.

The Group's exposure to credit risk mainly arises from the corporate and retail credit product segments, various investments, over-the-counter ("OTC") transactions and other derivatives transactions. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the relevant counterparty's financial condition, the amount, type and duration of the relevant exposure and the existence of any collateral and/or guarantees which Piraeus Bank may not be able to assess with accuracy at the time it undertakes the relevant activity.

### **Market Risk**

Market risk is the risk of economic losses to Piraeus Bank due to adverse changes in market rates or prices, such as interest rate changes, foreign exchange rate changes, equity price or commodity price changes. Interest rate risk is the primary market risk for Piraeus Bank, as unexpected yield curve changes can adversely affect Piraeus Bank's net interest margin and profit before income tax income, reducing Piraeus Bank's profit for the period and net assets. Similarly, unexpected adverse movements in the foreign exchange market can affect the value of Piraeus Bank's assets and liabilities that are denominated in foreign currencies resulting in potential reductions in operating income and total shareholder equity. The performance of financial markets may cause changes in the value of Piraeus Bank's investment and trading portfolios. Piraeus Bank has implemented risk management methods to mitigate and control these and other market risks to which Piraeus Bank is exposed and exposures are constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on Piraeus Bank's financial performance and business operations.

### **Operational Risk**

Operational risk is defined as the risk of loss to Piraeus Bank due to inadequate or failed internal processes, people and systems or from external events. Losses resulting from internal processes are associated with deficiencies and lack of controls in existing internal procedures, or the absence of documentation about clear and approved procedures related to Piraeus Bank's operations. Losses resulting from people are associated with the violation of internal policies by employees or contractors of Piraeus Bank. The unavailability and/or malfunction of systems and technological infrastructure may also result in operational risk losses. Finally, losses from external events may occur due to natural forces (such as floods or earthquakes), or directly from a third party's action including malicious acts (such as robberies or terrorist activity).

Other types of risks that could affect the Bank's activities, and which are considered as sub-types of operational risk (and as such managed within the operational risk management framework), are conduct risk, information & communication technology risk, legal and compliance risk, money

laundrying and terrorism financing risk, environmental and social risk, outsourcing risk and reputational risk.

Piraeus Bank, seeking optimum operational risk management, adopts suitable control and mitigation methods, which include the continuous development and upgrade of the internal control system through various enhancement projects (known as “Action Plans”), the use of insurance coverage as a critical operational risk mitigation technique, human resources training, the implementation of its business continuity plan, risk assessment of new products, processes and activities, the use of audit findings in risk identification, and the establishment of an operational risk alert process.

## **Liquidity Risk**

Liquidity risk is the Bank’s potential inability to anticipate and take appropriate measures to deal with unforeseen decreases or changes in funding sources which could adversely affect its ability to fulfil financial obligations when they fall due. The management of liquidity risk refers to the ability to maintain sufficient liquidity to meet payment obligations when they fall due.

### **The capital control measures currently in force have adversely affected and may further adversely affect the Greek economy and cause further liquidity challenges.**

On 28 June 2015, the ECB announced that it would not increase the ceiling for the Emergency Liquidity Assistance Scheme (the “ELA”) for Greece’s banking system from the €89 billion agreed on 26 June 2015. At that time, the Eurosystem’s support to Greek banks (directly through the ECB’s main refinancing operations and indirectly through the Bank of Greece’s ELA mechanism) exceeded 70 per cent. of Greece’s GDP.

In order to protect the Greek financial system from increasing deposit outflows, the Greek government adopted on 28 June 2015 an urgent Legislative Act declaring the period from 28 June 2015 until 6 July 2015 a bank holiday for all financial institutions operating in Greece in any form. Simultaneously, restrictions on cash withdrawals from ATMs, transferring funds abroad and other transactions were put in force during the bank holiday, which was subsequently extended until 19 July 2015. In parallel, the ATHEX regulated markets and the Multilateral Trading Facility of “EN.A.” were closed for the period of the bank holiday, pursuant to a decision of the Hellenic Capital Market Commission (“HCMC”).

Since the end of the bank holiday, cash withdrawal and capital transfer restrictions have remained in place, pursuant to the Legislative Act dated 18 July 2015, the Legislative Act dated 17 August 2015 and certain secondary legislation, which was ratified by article 4 of Greek Law 4350/2015 as amended and currently in force.

These capital controls have caused further distress to the economy due to limited market and funding liquidity and market uncertainty. The ATHEX remained closed from 29 June 2015 until 31 July 2015, which caused investor sentiment to deteriorate. Since the ATHEX has reopened, there have been concerns about the business climate in general and the solvency of Greek banks in particular, which have caused ATHEX market capitalisations to decline. Restrictions on money transfers have impacted the daily business needs of individuals and corporations, especially importers whose ability to make payments to their suppliers abroad has been substantially restricted. According to the available data issued by ELSTAT for September 2015, the total value of imports-arrivals in September 2015 amounted to €3,563.3 million compared to €4,360.2 million in September 2014, representing a decrease of 18.3 per cent. The trade deficit balance in September 2015 amounted to €1,551.5 million compared to €2,046.6 million in September 2014, representing a decline of 24.2 per cent. The Consumer Price Index (“CPI”) in October 2015 decreased by 0.9 per cent. compared with October 2014 when the annual rate of change of the CPI was 1.78 per cent. and the monthly rate of change of the CPI was 0.9 per cent. The rate of change of the CPI in October 2015 was 0.1 per cent. compared with September 2015.

The imposition of capital controls and the resulting decline in customers' demand and customers' ability to service their liabilities has led and may lead to a further contraction of liquidity in the market and an increase in non-performing loans ("Non-Performing Loans" or "NPLs"), which, consequently, have had and may continue to have an adverse impact on the Bank's liquidity, business, results of operations and financial condition (including, without limitation, restrictions in lending, prolonging the increased need of financing from the Eurosystem with its related increased finance costs, a reduction of profit for the period and increases of provisions for doubtful debts). Furthermore, although certain restrictions (for example, the increase of the maximum amount of weekly cash withdrawals and cash withdrawals out of funds coming from international accounts, the opening of certain new bank accounts and the re-investment of certain funds by specific financial institutions) have been gradually relaxed, there is also no current expectation as to when they may be further reduced or lifted. So long as capital controls are in place, the Bank's operations are limited and may continue to be limited in the future. Moreover, whenever such restrictions are further reduced or lifted, the Bank may experience significant deposit outflows.

**Dependence on Eurosystem funding due to the difficult fiscal position of the Hellenic Republic and the significant deposit outflows Piraeus Bank and the Greek banking sector have suffered.**

The Group's ability to raise funds in the capital markets has been drastically reduced, making it dependent on the ECB and the Bank of Greece for funding and therefore vulnerable to changes in ECB or Bank of Greece's regulations.

The ongoing financial crisis has adversely affected the Group's credit rating, restricted its access to international markets for funding and increased its funding costs and collateral posting requirements in repurchase (repo) agreements and other collateralised funding agreements, including the Group's agreements with the ECB and the Bank of Greece. Concerns relating to the ongoing influence of these adverse conditions may in the medium term cause further delays in the Group's ability to receive market funding from the debt capital markets. The Group cannot be certain that access to the capital markets in future periods will be maintained on economically beneficial terms. Piraeus Bank, along with the whole Greek banking system, has had to address major challenges during recent years, for example high deposit outflows (that peaked in 2012 and 2015) and the increase of Non-Performing Loans, and has also faced unprecedented events at a national level, such as the bank holiday declared on banking businesses in Greece for three weeks in mid-2015 and the imposition of capital controls in mid-2015. The deposit outflows in the Greek banking market that started in 2010 were intense in 2012 and again in 2015, a trend that was offset by the Eurosystem's liquidity support measures, from which the total financing utilised by the Greek banking sector amounted to €108 billion at 31 December 2015. There has been a downward trend in Eurosystem support, which amounted to €54 billion at 30 June 2017, but such support still remains high. Greek banks were forced to return to the ELA refinancing (which was zero at the end of 2014) utilising €43.7 billion at 31 December 2016 and €37.9 billion at 30 June 2017 as compared to €87 billion in June 2015, due to gradual market sentiment improvement, share capital increases for the four largest Greek banks and deposit stabilisation in the second half of 2015. As at 31 December 2016, the Bank's Eurosystem funding amounted to €20.9 billion (compared to €32.7 billion as at 31 December 2015), and funding through ELA, in particular, was €11.9 billion (compared to €16.7 billion as at 31 December 2015). As of 31 March 2017, the Bank's Eurosystem funding decreased to €15.5 billion (compared to €26.8 billion as at 30 June 2016), whilst funding provided by the ELA was €11 billion (compared to €14.4 billion as at 30 June 2016).

The uncertainty relating to the implementation of the Third Economic Adjustment Programme is directly affecting the liquidity of the Greek financial system and consequently of the Bank. Irrespective of the improvement of liquidity conditions since mid 2015, the limited liquidity in the Greek banking system reflects an effective closing of the market for financing coupled with a sizeable contraction of the domestic deposit base and heavy reliance on ELA funding. Further turmoil in the domestic economic and political environment, lack of success in the completion of any review of the Third Economic Adjustment Programme, as well as issues such as further

taxation of deposits, may result in a loss of customer confidence in the countries in which Piraeus Bank operates and further outflows of deposits from the Greek banking system. The Group's ECB funding and funding from the Bank of Greece, through the ELA mechanism (which has less strict collateral rules but carries a higher rate of interest, currently 1.50 per cent. in addition to the interest rate charged on ECB funding), has increased considerably since the start of the crisis.

The severity of pressure experienced by Greece in its public finances has restricted the Group's access to the capital markets for funding, particularly unsecured funding and funding from the short-term interbank market, because of concerns by counterparty banks and other creditors. Since 31 December 2009, Greek banks have had access to the capital markets only during a window in the first half of 2014.

Since 31 December 2014, when political risk in Greece increased significantly, the monitoring and management of the Bank's liquidity risk has focused on: (i) daily and intra-day monitoring of deposits; (ii) evolution of term deposit breaks; (iii) funding cost and funding concentration; and (iv) liquid assets analysis. In addition, the Bank applies liquidity crisis scenarios (stress testing) and estimates their impact on its liquidity ratios. Measures such as the maintenance of liquid securities portfolios, diversified core deposits (i.e. savings accounts), and competitive term deposits are also taken in order to mitigate liquidity risk.

The ECB decision on 4 February 2015 to remove the waiver allowing Greek government bonds and bonds guaranteed by the Greek government to be treated as eligible collateral for refinancing after 11 February 2015, led the Greek banking sector to significantly increase its funding from the ELA mechanism, which represented 70 per cent. of the total Eurosystem funding as of 30 June 2017 (amounting to €37.9 billion).

On 22 June 2016, the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic, subject to special "haircuts" (excluding, however, as of 2 March 2015, uncovered guaranteed bank bonds that have been issued by the counterparty itself or an entity closely linked to that counterparty, such as government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, as in force, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6). In addition to such decision, the completion of the first review of the Third Economic Adjustment Programme for Greece and the approval of the second tranche of €10.3 billion by the Board of Directors of the ESM on 17 June 2016 also resulted critically in the significant reduction of banks' reliance on ELA, which stood at €40.7 billion in May 2017.

Piraeus Bank is currently able to use covered bonds issued by it as collateral for funding from the Bank of Greece. These covered bonds may no longer be accepted as collateral in the future, if, for example, further credit downgrades take place or the relevant rules of the Bank of Greece allowing their use as collateral are amended. Any further downgrades of Greece's credit rating may materially affect Piraeus Bank's ability to raise additional funds from the Bank of Greece or other sources. In addition, further loss of deposits and any prolonged need for additional Eurosystem funding may lead to the exhaustion of available collateral required to raise funds from the Eurosystem and may lead to funding risks for the Group. Furthermore, if the ECB or the Bank of Greece revise their collateral standards or increase the rating requirements for collateral securities such that these instruments are not eligible to serve as collateral, the Group's funding costs would be materially increased and its access to liquidity financing will be limited.

**A material decrease in funds available to Piraeus Bank from customer deposits, particularly retail deposits, could impact its funding.**

Historically, one of Piraeus Bank's principal sources of funds has been customer deposits. Since Piraeus Bank relies on customer deposits for the majority of its funding, if its depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if Piraeus Bank is unable to obtain the necessary liquidity by other means, Piraeus Bank may be unable to maintain

its current levels of funding without incurring higher funding costs or having to liquidate some of its assets or to increase Piraeus Bank funding from the ECB and the Bank of Greece under their respective terms.

During 2015, Piraeus Bank experienced an outflow of €13.3 billion of deposits in Greece due to increased political instability in the domestic environment. Deposit outflows were recorded throughout the Greek banking system, resulting in the imposition of capital control measures by the Greek government at 30 June 2015. Piraeus Bank experienced an outflow of €1.0 billion of deposits in the first quarter of 2016, in line with the market trend for the Greek banking sector. Nonetheless, in the next quarters this trend was reversed, with strong deposit inflows, particularly during the last quarter of 2016.

Any deterioration of the economic climate could create the risk of not being able to restore part of the deposit base and, consequently, limit Piraeus Bank's ability to reduce its reliance on Eurosystem financing.

**Government interventions aimed at alleviating the financial crisis are subject to uncertainty and carry additional risks.**

Government and inter-governmental interventions aimed at alleviating the financial crisis could lead to increased ownership and control of financial institutions by the Hellenic Republic or other entities related to the Hellenic Republic or other governmental authorities, and further consolidation in the banking sector. During the 2008-2009 global financial crisis and the Cyprus debt crisis in March 2013, various governments responded to credit or liquidity concerns in certain banks by nationalising or partially nationalising those banks or putting them through a form of resolution or recapitalisation process. During that period, even if banks were not fully nationalised, shareholders experienced significant dilution and loss of value. Furthermore, in the case of Cyprus, the regulatory authorities employed a bail-in to resolve the crisis, which resulted in deposit funds in excess of the guaranteed amount being used as a contribution to the recapitalisation of the bank.

Unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, and/or the taxation of deposits may result in a loss of customer confidence in the countries in which the Bank operates and further outflows of deposits from the banking system, which would have a material adverse effect on the Bank's business, prospects, financial condition and results of operations, and on the ability to operate as a going concern.

**If Piraeus Bank relies again on the Support Scheme, the Hellenic Republic will be in a position to exert influence over certain management and business decisions through its appointed representative.**

On 9 December 2008, Greek Law 3723/2008, as in force, was enacted in Greece on the "Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis and other provisions" as amended by a number of laws and ministerial decisions, pursuant to which the Hellenic Republic established a voluntary scheme for the capitalisation and liquidity support of credit institutions licensed by the Bank of Greece (the "Support Scheme") with the objective, among other things, of strengthening Greek banks' capital and liquidity positions.

Piraeus Bank has voluntarily accepted the Support Scheme. For so long as a credit institution makes use of the measures contemplated in the second pillar (article 2 of Greek Law 3723/2008, as in force), the Hellenic Republic is entitled to participate through an appointed representative (the "Representative") in the board of directors of the credit institution, who may also be appointed as an additional board member. The Representative has veto power on (i) decisions of a strategic nature or decisions which may alter significantly the legal or financial standing of the credit institution and for the approval of which a shareholders' resolution is required, (ii) decisions related to the distribution of dividends and the remuneration policy of the Chairman, the Managing Director, the rest of the board members, as well as of the general managers and their deputies,

pursuant to a specific decision of the Minister of Finance, or (iii) if, according to his own judgment, such decisions may prejudice the interests of the depositors or materially affect the solvency and the proper operations of the credit institution. The Representative may also be present at the general meeting of the shareholders with the right to exercise the same veto powers upon discussion and resolution of the aforementioned specific matters.

Furthermore, the Representative has free access to the books and records, as well as to reports related to the restructuring and viability of the credit institution, to the medium-term funding plans, as well as to the records related to the provision of credit to the real economy. Although Piraeus Bank does not presently rely on the Support Scheme, there can be no assurance that it will not make use of any of its measures in the future.

**Following the participation of the HFSF in the capital structure of Piraeus Bank, the management, the business decisions and the operation of Piraeus Bank may be materially affected by the HFSF as a shareholder, and/or as a holder of contingent convertible bonds and/or other convertible capital instruments.**

Following the initial contribution in May 2012 to Piraeus Bank by the HFSF of €4.7 billion in European Financial Stability Facility (the “EFSF”) notes as an advance for participation in the Group’s recapitalisation pursuant to the Greek Law 3864/2010, as in force, and a pre-subscription agreement, the HFSF initially appointed two representatives and currently has one representative appointed to the Board of Directors of Piraeus Bank. In April 2014, Piraeus Bank completed a second equity offering of €1,750.0 million, an amount which was fully contributed to by private investors, both from Greek and international markets. This resulted in the HFSF’s shareholding in Piraeus Bank reducing to 67 per cent., while the private sector held 33 per cent. of Piraeus Bank’s share capital.

In accordance with the provisions of Greek Law 3864/2010, as in force, the Bank’s relationship with the HFSF following the 2013 share capital increase onwards is governed by a relationship framework agreement dated 10 July 2013 between the Bank and the HFSF (the “Relationship Framework Agreement” or “RFA”), as provided in the Memorandum of Economic and Financial Policies, which applied to the banks having covered private sector participation equal to or greater than 10 per cent. as per the Greek Law 3864/2010 then in force. The Relationship Framework Agreement contains terms and commitments in addition to those the Bank is already subject to under Greek Law 3864/2010, as in force, and, *inter alia*, it determines the corporate governance of the Bank, the development, approval, implementation and monitoring of the restructuring plan and sets out the HFSF’s consent for material matters.

Furthermore, pursuant to Article 7a of Greek Law 3864/2010, as in force, the HFSF may obtain full voting rights on the shares it owns in the Bank before the completion of the Recapitalisation Plan and therefore exercise control over the Bank if it is determined, by a decision of the General Council of the HFSF, that the Bank’s material obligations provided in its restructuring plan or outlined in the Relationship Framework Agreement are not met. The decisions taken by the HFSF following the occurrence of such an event may not be in the best interests of the Bank’s shareholders.

The HFSF will have full voting rights in relation to the ordinary shares that the HFSF acquires from 1 November 2015, including the new shares issued in the last share capital increase.

Pursuant to article 10 of Greek Law 3864/2010 (as amended and in force) the HFSF as the holder of ordinary shares, contingent convertible bonds and/or any other convertible instruments, can establish, with the assistance of an independent consultant, the criteria for the evaluation of the members of the Board of Directors and its committees and additionally any committees the HFSF deems necessary, taking into account international best practices. The HFSF also issues specific recommendations for changes and improvements in the corporate governance of each credit member of the group. If a member of the Board of Directors of Piraeus Bank or one of its

committees does not meet the criteria set out by Greek Law 3864/2010, as in force, and/or the HFSF, or if a management body collectively does not satisfy the structure recommended by the HFSF with respect to the size, allocation of tasks and expertise, and the necessary changes cannot be otherwise achieved, the HFSF would propose to the general meeting of the Bank's shareholders that the relevant members of the Board of Directors or the relevant committee be replaced. In the event that the general meeting of the Bank's shareholders does not agree to replace such members of the Board of Directors or such committee within three months, the HFSF would publish on its website within four weeks a report that includes the recommendations and the number of members of the Board of Directors or its committees that do not meet the relevant criteria. This report would also specify the criteria such members of the Board of Directors or its committees do not meet. In the event that the HFSF were to make public any such non-compliance, the Bank's reputation and public perception could be negatively affected.

In December 2015, Piraeus Bank announced the full coverage of its third share capital increase by €2.6 billion with abolition of the pre-emption rights of existing shareholders, payment in cash, liabilities' capitalisation equivalent to cash payment, and contribution in kind by issuing 8,672,163,482 new common dematerialised registered voting shares with nominal value of €0.30 each and an issue price of €0.30 per share. The new shares were allocated to qualified investors under a private placement, to holders of non transferable receipts under a liability management exercise and to the Financial Stability Fund pursuant to the decision of the Bank's Extraordinary General Meeting of 15 November 2015 and in accordance with the decisions of the Board of Directors of Piraeus Bank of 20 November 2015 and 2 December 2015. Following the completion of the share capital increase, the HFSF now holds 26.42 per cent. of voting rights, of which 0.43 per cent. are restricted.

Following Piraeus Bank's recapitalisations, the HFSF has become the largest ordinary shareholder of Piraeus Bank. Restricted voting rights of 0.43 per cent. may be limited in cases of amendments to the articles of association of Piraeus Bank, merger, divestiture, spin-off, corporate transformation, revival, extension of the term, dissolution, transfer of assets, and any other matter for which increased majority requirements are set by Greek company law.

The HFSF and the Bank entered into a new Relationship Framework Agreement on 27 November 2015, amending and replacing the initial RFA. This was in view of the recently amended HFSF legal framework and the substantial amount of capital increase of the Bank in December 2015 and allowed the HFSF to fulfil its objectives under Greek Law 3864/2010, as in force, exercise its rights and obligations and comply with the commitments undertaken through the Financial Facility Agreement signed on 19 August 2015 by and between the ESM, the Hellenic Republic, the Bank of Greece and the HFSF and through the Memorandum of Understanding ("MoU"),

There is a risk that the HFSF, as the Bank's shareholder, may exercise the rights it has to exert influence over the Bank and may disagree with certain of its decisions relating to dividend distributions, benefits policies and other commercial and management decisions which will ultimately limit the Bank's operational flexibility.

For further details regarding the Relationship Framework Agreement and the Bank's relationship with the HFSF in general, see "*The Banking Sector and the Economic Crisis in Greece—The Hellenic Financial Stability Fund (HFSF)*".

**Any failure by Piraeus Bank in the future to meet the terms specified in its approved restructuring plan may result in the European Commission initiating a procedure for misusing the state aid.**

On 29 November 2015, the European Commission found the restructuring plan of Piraeus Bank to be in line with EU state aid rules.

The restructuring plan of Piraeus Bank includes certain commitments and conditions the implementation of which may impact its business activity, operating results and financial position in certain fields. These commitments and conditions include, among others, the requirement to sell assets or subsidiaries, limitations on its ability to support its foreign subsidiaries (unless required by any applicable local regulatory authorities), introduction of additional limitations on Piraeus Bank's ability to hold and manage its securities portfolio and introduction of additional limitations on its investment policy.

Any failure by Piraeus Bank in the future to meet the terms specified in the restructuring plan may result in the European Commission initiating a procedure for misusing state aid, which may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, such as the requirement to sell assets or subsidiaries, reduce Piraeus Bank's branch network, limit Piraeus Bank's ability to support its foreign subsidiaries, introduce additional limitations on Piraeus Bank's ability to hold and manage its securities portfolio, introduce additional limitations on Piraeus Bank's investment policy, and other conditions, in line with previous requests to other banks in the European Union that have received state aid. In addition, it may lead the HFSF to recover full voting rights on the ordinary shares it acquired prior to the last share capital increase of December 2015 (now representing 0.43 per cent. of its total voting rights).

**The transposition of the Bank Recovery and Resolution Directive may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.**

Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the "Bank Recovery and Resolution Directive" or "BRRD"), which entered into force in EU Member States as at 1 January 2015 and was transposed into Greek Law on 23 July 2015 by virtue of Greek Law 4335/2015, as in force, established rules designed to harmonise and improve the tools for dealing with bank crises across the EU to ensure that shareholders, creditors and unsecured depositors mandatorily participate in the recapitalisation and/or the liquidation of troubled banks. Such mandatory participation shall be through the so-called bail-in (and conversion and write down) tool, introduced under the BRRD. The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the firm to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the "bail-in tool"), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

Under the bail-in tool there is a strict requirement for contribution to loss absorption and recapitalisation of the failing bank by its private sector investors and creditors, including holders of Notes issued by the Bank, as they occur at the moment the tool is adopted as per a valuation prepared according to article 36 of BRRD. As at 1 January 2016, such participation is not less than 8 per cent. of total liabilities (including own funds) of the banking institution. The BRRD imposes a specific "waterfall" as to such burden sharing, starting from common shareholders to subordinated debt holders and up to eligible for bail-in senior creditors. Certain senior creditors however are

ineligible for bail-in (including individual depositors with accounts up to €100,000 (the amount covered by the guarantee scheme). Any application of the general bail-in tool and, in the case of Subordinated Notes, non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors. To the extent any resulting treatment of Noteholders pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the firm (which is referred to as the “no creditor worse off safeguard” under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

As such, it is difficult to anticipate the full impact of the BRRD on the Bank and there can be no assurance that shareholders and potential investors will not be adversely affected by actions taken under it. The implementation of the BRRD may result in a loss of customer confidence in the countries in which the Bank operates and cause further outflows of deposits from the banking system. Also, in light of the fact that Notes and other securities issued by the Bank in the future may be a part of the bail-in tool, this prospect may have a significant adverse effect on the Bank’s capacity to secure funding in the capital markets through securities issuance.

Moreover, as a precautionary measure in the context of the BRRD and prior to the submission of a credit institution to resolution measures, the resolution authority is empowered to impose various measures on Greek credit institutions, including the implementation of one or more of the arrangements or measures set out in the recovery plan, the convocation of a meeting of shareholders of the institution and set the agenda and require certain decisions to be considered for adoption by the shareholders, the removal or replacement of one or more or even all of the members of the management body or the senior management, the change in the institution's business strategy.

There can be no assurance that, the availability of the bail-in tool will not affect the confidence of the Bank’s depositor's base and so may have a significant impact on the Bank’s results of operations, business, assets, cash flows and financial condition, as well as on the Bank’s funding activities and the products and services it offers.

Further, as of 1 January 2016 the Board of the Single Resolution Mechanism (“SRB”) became the competent resolution regulator for all the Greek systemic banks, including the Bank.

The BRRD introduced the concept of the minimum requirements for own funds and eligible liabilities in the EU legislation (“MREL”). The MREL framework provides that there should be sufficient loss-absorbing and recapitalisation capacity available in resolution of any credit institution to implement an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions, and avoids exposing taxpayers (public funds) to loss with a high degree of confidence for the market. The SRB was authorised to calculate and determine the MREL per EU systemic credit institution, with the concept and legislation of MREL still being under development within the EU legislation. In this context, late in 2016, the EU Commission launched a proposal for amending the BRRD framework with the view, among others, to aligning the BRRD and MREL framework with the Total Loss Absorbing Capacity Principles that had been announced by the Financial Stability Board, in collaboration with the European Banking Authority, late in 2015.

As such, it is difficult to anticipate the full impact of the BRRD and any amendments to the BRRD and there can be no assurance that, once implemented, shareholders, Noteholders and potential

investors will not be adversely affected by actions taken under it. The BRRD, as so amended, may increase uncertainty to customers in the countries in which the Bank operates and cause further outflows of deposits from the banking system. Also, in light of the fact that Notes and other securities issued by the Bank in the future may be a part of the bail-in tool and its MREL, this prospect may have a significant adverse effect on the Bank's capacity to secure funding in the capital markets through securities issuance.

Moreover, as a precautionary measure in the context of the BRRD and prior to the submission of a credit institution to resolution measures, the resolution authority is empowered to impose various measures on Greek credit institutions, including the implementation of one or more of the arrangements or measures set out in the recovery plan, the convocation of a meeting of shareholders of the institution and set the agenda and require certain decisions to be considered for adoption by the shareholders, the removal or replacement of one or more or even all of the members of the management body or the senior management, the change in the institution's business strategy.

There can be no assurance that the powers of the SRB as the competent resolution authority for the bail-in tool under the BRRD and any amendments to the BRRD coupled with the introduction of the MREL this will not affect the confidence of Bank's depositor's base and so may have a significant impact on Bank's results of operations, business, assets, cash flows and financial condition, as well as on Bank's funding activities and the products and services it offers.

**Changes in regulation may result in uncertainty about the Bank's ability to achieve and maintain required capital levels and liquidity.**

The Group is subject to financial services laws, regulations, administrative actions and policies in each jurisdiction in which it operates. All of these regulatory requirements are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions. In response to the global financial crisis, national governments as well as supranational groups, such as the EU, have been considering and implementing significant changes to current bank regulatory frameworks, including those pertaining to capital adequacy, liquidity and the scope of banks' operations.

For example, the current regulatory environment in the Eurozone has been materially amended by the entry into force of the Capital Requirements Regulation (the "CRR", Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms), the Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "CRD IV", Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC which was transposed in Greece by Greek Law 4261/2014), the recently completed asset quality review and stress testing by the SSM, the launch of the SSM under Regulation 1024/2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions), the launch of the Single Resolution Mechanism ("SRM") (under Regulation 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010) and the BRRD. The new capital adequacy framework ("CRD IV") that has been in force since 1 January 2014 sets forth a progressive quantitative and qualitative enhancement of the capital standards. The SRM coupled with the BRRD aims at establishing uniform rules and procedures in the resolution and recovery of banks in the European Union whilst it introduces the bail-in tool of uninsured depositors, in line with the burden sharing principle. The SRM Board is the competent resolution authority for Greek systemic banks.

The Group is supervised by the SSM, which has created a new system of prudential regulation comprising the ECB and the national competent authorities of participating Eurozone countries, and has set minimum capital requirements. The Bank, its regulated subsidiaries and its branches are subject to the risk of having insufficient capital resources or a lack of liquidity to meet the minimum regulatory capital and/or liquidity requirements. In addition, those minimum regulatory capital requirements are likely to increase in the future, or the methods of calculating capital resources may change. The SSM could introduce risk-weighted assets (“RWA”) floors (as it has done in other jurisdictions), and further harmonisation of RWA could increase risk weighting of exposures. In addition, proposals have been discussed which would cap the amount of sovereign bonds banks could hold, or assign risk weights to sovereign bond holdings, which could require banks to raise additional capital. Likewise, liquidity requirements may come under heightened scrutiny and may place additional stress on the Group’s liquidity demands in the jurisdictions in which it operates. For a discussion of recent stress tests performed on the Bank, see “*Piraeus Bank is subject to stress testing*” below.

Although it is difficult to predict with certainty the impact of recent regulatory developments on the solvency ratios of the Group, the legislation and regulations in the EU, Greece and other parts of Europe in which the Group operates may lead to an increase of capital requirements and capital costs and have negative implications on activities, products and services offered, as well as to the value of the Group’s assets, operating results and financial condition or loss of value for ordinary shares.

These and other future changes to capital adequacy and liquidity requirements in Greece and the other countries in which the Group operates may require an increase of Common Equity Tier I, Tier I and Tier II capital by way of further issues of securities, and could result in existing Tier I and Tier II securities issued by the Group ceasing to count as regulatory capital, either at the same level as at present or at all. The requirement to raise Common Equity Tier I capital could have a number of negative consequences for the Group and its shareholders, including impairing the ability to pay dividends or to make other distributions in respect of ordinary shares and diluting the ownership of the existing shareholders. If the Group is unable to raise the requisite Tier I and Tier II capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposal of core and other non-core businesses, which may not occur on a timely manner or achieve prices which would otherwise be attractive to it.

It is noted that at 31 December 2016 the Group’s total capital adequacy ratio under the CRD IV regulatory framework stood at 17.0 per cent. and the common equity tier 1 (“CET-1 capital adequacy ratio”) at 17.0 per cent, while at 31 March 2017, the Group’s total capital adequacy ratio was 16.8 per cent. and its CET-1 capital adequacy ratio was 16.8 per cent.

In addition, minimum regulatory requirements may increase in the future, such as pursuant to the supervisory review and evaluation process (“SREP”) of the SSM, and/or the manner in which existing regulatory requirements are applied may change.

### **Deferred tax assets**

The Group recognises deferred tax assets to the extent that it is probable that the Bank or Group companies will have sufficient future taxable profit available, against which deductible temporary differences and tax losses carried forward can be utilised. The main uncertainties for the recoverability of the deferred tax assets relate to the achievement of the goals set in Bank’s business plan, which is affected by the economic circumstances in Greece and internationally.

Additionally, the Group may not be allowed to continue to recognise the main part of deferred tax assets as regulatory capital, which may have an adverse effect on its operating results and financial condition.

### **International Financial Reporting Standard 9 Financial Instruments (“IFRS 9”)**

Changes implemented by IFRS 9, which will apply to the Group from 1 January 2018, introduce, among other things, a new impairment model based on expected loss rather than incurred loss. The Group expects that this change is likely to increase loan loss provisions and decrease equity at the date of transition and that volatility in the credit loss line item in the income statement is also likely to increase. Competent authorities in EU member states are in the process of taking a decision about the progressive recognition of the initial impact of IFRS 9.

### **Risks of implementing the Third Economic Adjustment Programme.**

The implementation of the Third Economic Adjustment Programme's measures continues to be subject to a range of substantial risks, including:

- Recessionary pressures are far more intense and prolonged than initially projected, taking a heavy toll on the fiscal adjustment effort, on both the revenue and expenditure sides, whilst the deterioration in labour market conditions is unprecedented (with an unemployment rate of 23.5 per cent. in 2016 compared to 24.9 per cent. in 2015).
- In the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply side reforms, recession is likely to be deeper than expected, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on bonded debt.
- Market concerns regarding public debt sustainability may not dissipate despite substantial debt relief and debt reprofiling.
- The process of internal devaluation and the restoration of competitiveness — despite the rapid progress in wage cost containment — could be more prolonged than currently projected by the Third Economic Adjustment Programme, investor sentiment could remain poor despite the reform efforts, or bank deleveraging could proceed more rapidly than envisioned, undermining corporate investment and private sector sentiment.
- Implementation of the Third Economic Adjustment Programme requires strong political will and public support in the upcoming years, which is greatly challenged by already substantial social costs, due to austerity measures and the prolonged recession. Against this backdrop, a potential demand from EU partners or the International Monetary Fund (“IMF”) for additional corrective measures or amendments to the agreement underlying the Third Economic Adjustment Programme could destabilise the current coalition government, possibly derailing the Third Economic Adjustment Programme.
- The Hellenic Republic may continue to experience difficulty accessing the private capital markets. On a positive note, euro area Member States are committed to providing adequate support to Greece during the life of the Third Economic Adjustment Programme and beyond until the country has regained market access, provided that Greece fully complies with the requirements and objectives of the adjustment.
- Liquidity conditions are likely to remain tight against a background of closed interbank and wholesale markets and a decline in domestic bank deposits caused by uncertainty and the recession, as well as the impact of imposed capital controls. To date, ECB liquidity has been sufficient to counterbalance the contraction of alternative liquidity sources through sufficient Eurosystem lending, whilst an ELA facility has been re-activated by the Bank of Greece since early 2015. Although loss of deposits may not be much larger due to existing capital controls, the terms under which liquidity support is provided from the Eurosystem may be tightened or terminated.
- Uncertainty surrounds short term economic prospects in the Eurozone and the medium term unconditional political commitment of Eurozone member partners, including concerns

about Eurozone member partners' ability and determination to support the Greek effort in the upcoming years and to ensure Greece's programme financing and debt sustainability in the medium to long term. In this context, the participation of the IMF in the Third Economic Adjustment Programme financing is not secured and may also be questioned in the future.

These are extremely uncertain times for the banking sector in the Hellenic Republic and the EU and it is difficult to predict or state with any degree of certainty whether the Third Economic Adjustment Programme and any amendments thereto will be implemented successfully and, if implemented successfully, whether it will have the effects intended, and how severe an impact on results of operations and financial condition an implementation of the Third Economic Adjustment Programme and any amendments thereto, successful or unsuccessful, might have.

**The requirements of the deposit guarantee schemes applicable throughout the European Union may result in additional costs to the Group.**

Directive 2014/49/EU on deposit guarantee schemes (the "DGS") entered into force in May 2014 (the "DGSD") recasting the Directive 94/19/EC and introducing new harmonised rules on DGS applicable throughout the European Union. Amongst other things, the DGSD preserves the harmonised coverage level of €100,000 per depositor, which will continue to be offered in the form of repayment in the case of a bank's liquidation where deposits would become unavailable. It also re-confirms the fundamental principle underpinning DGS, namely that it is banks that finance DGS and not taxpayers. In addition, for the first time since the introduction of DGS in 1994, there are legislative financing requirements for DGS. In principle, the target level for ex ante funds of the DGS is 0.8 per cent. of covered deposits to be paid by member banks (in the case of highly concentrated banking sectors, the European Commission may authorise a Member State to set a lower target level for its DGS, but this may not be lower than 0.5 per cent. of covered deposits). A maximum of 30 per cent. of the funding can be made up of payment commitments. The target fund level must be reached within a 10-year period (which can be extended by 4 years if there is a substantial cumulative disbursement of amounts under DGS during the phasing-in period). In the case of insufficient ex ante funds, DGS will collect ex post contributions from the banking sector, and, if necessary, as a last resort, alternative funding arrangements such as loans from public or private third parties are permitted. There will also be a voluntary scheme facilitating mutual borrowing between DGS from different EU countries.

In addition, the DGSD introduced a requirement for contributions to be risk-based, while Article 13 of the DGSD thereof lays down a number of criteria for the calculation of contributions to DGS, notably that:

- contributions are compulsorily based on the amount of covered deposits and the risk profile of each member institution;
- DGS are allowed to develop and use their own calculation methods in order to tailor contributions to market circumstances and risk profiles; and
- Member States may provide for lower contributions from institutional protection scheme members and low-risk sectors regulated under national law.

To ensure consistent application of the DGSD across Member States, the European Banking Authority on 28 May 2015 adopted detailed guidelines to specify methods for calculating contributions to DGS in accordance with the above Article 13 of the DGSD, which are binding on the Member States DGS.

In line with Article 10(1) of the DGSD, DGS have had to collect contributions at least annually beginning on 3 July 2015. Since this date, pursuant to Article 13 of the DGSD, contributions have been risk-based.

The DGSD has already been transposed into the national legislation of Bulgaria, Romania, Luxembourg and Cyprus, where the Group has activities. In Greece, the DGSD was transposed into Greek law by Law 4370/2016, which came into force on 7 March 2016 and repealed the previously applicable Law 3746/2009, defining, among others, the scope and certain aspects of the operation of the Hellenic Deposit and Investment Guarantee Funds (“HDIGF”), the terms of participation of credit institutions as well as the process for determining and paying contributions to its schemes.

The Group may be required to increase the Group’s contributions in the relevant DGS, which in turn may affect the Group’s operating results and the Group’s ability to pay interest and principal on the Instruments in full and in a timely manner.

### **Greek Property Market**

One of Piraeus Bank’s activities is mortgage lending. A further downturn in the Greek economy could have a negative effect on the property market in terms of reducing the ability of homeowners to service their debt as well as in terms of falling property prices and any knock-on effects this may have on lender recoveries. These consequences could have an adverse effect on Piraeus Bank’s financial position.

### **Piraeus Bank is subject to stress testing**

Stress tests analysing the banking sector recently have been, and will continue to be, published by national and supranational authorities and regulators including the Bank of Greece, the European Banking Authority, the IMF, the ECB and others. The ECB periodically conducts a comprehensive assessment of the capital requirements of major European banks. This assessment aims to enhance the transparency of the balance sheets of major European banks. Loss of confidence in the banking sector following the announcement of stress tests regarding a bank or the Greek banking system as a whole, or market perception that any such tests are not rigorous enough, could have a negative effect on the cost of funding and may thus have a material adverse effect on operations and financial condition. Furthermore, any future stress tests may result in a requirement for the Bank to raise additional capital.

Greek banks may be required in the future to meet more stringent capital requirements regarding their CET-1 capital adequacy ratios. If the Bank were to fail to meet any such new requirements by accessing the capital markets or the internal creation of capital, it would be required to receive additional capital from the HFSF or, potentially, other investors.

Between August and October 2015, the SSM conducted the 2015 Comprehensive Assessment in order to assess the capital needs of the four Greek systemic banks. The 2015 Comprehensive Assessment was carried out by the SSM together with the Greek supervisory authorities under the conditions of the MoU of the Third Economic Adjustment Programme in the framework of the recapitalisation of Greek banks, and comprised an asset quality review and a forward-looking stress test, including a baseline and an adverse scenario, in order to assess the specific recapitalisation needs of each bank under the Third Economic Adjustment Programme.

The SSM published its report for the 2015 Comprehensive Assessment on 31 October 2015. The Bank’s capital requirement under these results was assessed at €2,213 million under the baseline scenario and at €4,933 million under the adverse scenario, resulting in the Total Regulatory Capital Raising Amount.

These capital requirements under both the baseline and the adverse scenarios, as contemplated by the 2015 Comprehensive Assessment, do not take account of the mitigating actions that the Bank submitted to the SSM for approval on 2 November 2015 and which were approved by the SSM for a total amount of €873 million (including €602 million resulting from the exchange offers and the proposals) on 13 November 2015.

The next Comprehensive Assessment will be conducted in 2018. The European Banking Authority has published the draft methodological note and templates for its 2018 EU-wide stress test. The stress test exercise will cover 70 per cent. of the EU banking sector and will assess EU banks' ability to meet relevant supervisory capital ratios during an adverse economic shock. For banks starting to report under IFRS 9 in 2018, the 2018 stress test exercise takes into account the impact of the implementation of IFRS 9 on 1 January 2018 both in terms of starting point and projections. The resilience of EU banks will be assessed against a macroeconomic baseline and adverse scenario based on year-end 2017 figures, and applied over a period of three years. The final methodology will be published as the stress test exercise is launched, at the beginning of 2018, and the results will be published in mid-2018.

Although Piraeus Bank exceeds the minimum capital requirements regarding its CET-1 capital adequacy ratio, minimum regulatory requirements may increase in the future, such as pursuant to the SREP, and/or the manner in which existing regulatory requirements are applied may change. Likewise, capital or liquidity requirements may come under heightened scrutiny, and may place additional stress on the Bank's financial position.

### **The operational autonomy of the Bank is constrained since it is a recipient of state aid.**

In accordance with the commitments undertaken by the Greek government in December 2012 in the Memorandum of Economic and Financial Policies contained in the First Review of the Second Economic Adjustment Programme for Greece, monitoring trustees ("Monitoring Trustees") were appointed in January 2013 to all banks under restructuring, including Piraeus Bank. The Monitoring Trustees are respected international auditing or consulting firms endorsed by the European Commission on the basis of their competence, their independence from the banks and the absence of any potential conflict of interest. In each credit institution under restructuring, the Monitoring Trustees work under the direction of the European Commission, within the terms of reference agreed with the European Commission, ECB and IMF staff and the Greek government. They submit quarterly reports on governance and operations, as well as *ad hoc* reports as needed. They liaise closely with the European Commission and the ECB observers at the HFSF and share their reports with the HFSF. In line with the EU state aid rules, the Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and compliance with the applicable state aid rules. Under such rules, operations are restricted so that the state aid does not lead to the distortion of competition. The Monitoring Trustees closely follow the banks' operations and have access to the Bank's books and records including minutes of the meetings of the board of directors' and are observers at the executive committees and other critical committees, including risk management and internal audit functions. KPMG AB has been appointed as the Monitoring Trustee of Piraeus Bank (the "Piraeus Monitoring Trustee").

The Piraeus Monitoring Trustee is responsible for verification of compliance of Piraeus Bank with the Greek Company Codified Law 2190/1920, as in force, on *sociétés anonymes*, with the corporate governance provisions and with the banking regulatory framework in general, and monitors the organisational structure in order to ensure that the internal audit and risk management departments are fully independent from commercial networks. In order to fulfil its role, the Piraeus Monitoring Trustee has the right to attend meetings of Piraeus Bank's audit committee and risk management committee as an observer, review Piraeus Bank's annual audit plan, require additional investigations, receive all reports emanating from Piraeus Bank's internal control bodies and interview its auditors. Furthermore, the Piraeus Monitoring Trustee monitors Piraeus Bank's commercial practices, focusing on credit policy and deposit policy. Accordingly, the Piraeus Monitoring Trustee has the right to attend the meetings of Piraeus Bank's credit committees as an observer, and to monitor the development of Piraeus Bank's loan portfolio, the maximum amount that can be granted to connected borrowers, transactions with related parties and other relevant matters. The Piraeus Monitoring Trustee also has the right to interview credit analysts and risk officers.

As a result, the Bank's management decisions are subject to further oversight and certain decisions may be constrained by powers accorded to the Piraeus Monitoring Trustee, which may affect business decisions and development strategies and limit Piraeus Bank's operational flexibility.

### **Political and economic developments could adversely affect the Group's operations.**

External factors, such as political and economic developments, may negatively affect the Group's operations, strategy and prospects. The Group's financial condition and operating results as well as its strategy and prospects may be adversely affected by events outside its control, which include but are not limited to:

- changes in government and economic policies;
- changes in the level of interest rates imposed by the ECB;
- fluctuations in consumer confidence and the level of consumer spending;
- regulations and directives relating to the banking sectors;
- political instability or military conflicts that impact on Europe and/or on other regions; and
- taxation and other political, economic or social risks relating to the Group's business development.

### **Emerging Markets**

Apart from its operations in Greece, the U.K. and Germany, Piraeus Bank has operations in Bulgaria, Romania, Albania, Serbia and Ukraine. Its international operations outside the European Union are exposed to the risk of adverse political, governmental and/or economic developments, as well as to particular operating risks associated with emerging markets. Furthermore, the Bank's commitment in its restructuring plan to sell certain international assets and in a certain timeframe, may pose risks since the commitment necessitates the Bank finding a suitable buyer who will purchase such assets at an acceptable price and on acceptable terms. These factors could have a material adverse effect on its financial condition and results of operations.

### **The Bank's business, earnings and financial condition have been and will continue to be affected by the global economy and by the instability in global financial markets.**

Results of operations, both in Greece and internationally, in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including: political and regulatory risks; the state of public finances; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values; the availability and cost of credit; inflation; the stability and solvency of financial institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of those factors.

**Non-Performing Exposures have had a negative impact on the Bank's operations and have led to a significant decrease in the Bank's revenue, and may continue to do so.**

The NPL ratio adjusted for the seasonal loan to OPEKEPE was 40.1 per cent. of Piraeus Group's adjusted loans and advances to customers as at 31 December 2015, 37.5 per cent. as at 31 December 2016 and the NPL's ratio as at 31 March 2017 was 37.8 per cent. The Group's non-performing exposures ("Non-Performing Exposures" or "NPEs") ratio represented 53.6 per cent. of Piraeus Group's loans and advances to customers as at 31 December 2015, 53.7 per cent. as at 31 December 2016 and 55.2 per cent. as at 31 March 2017.

The percentage increase for both metrics in the first quarter of 2017 was mainly due to the deleveraging strategy the Group has undertaken, given that NPLs decreased by €0.3 billion and NPEs by €0.6 billion compared to 31 December 2016.

Given that NPLs and NPEs represent one of the most significant challenges for the Greek banking system, and in order to address the problem in an efficient manner, Greek banks in cooperation with Bank of Greece agreed on a set of ambitious but achievable targets for the reduction of NPEs. The framework consists of specific operational targets that are additionally supported by several key performance indicators.

The events and uncertainties mentioned above and/or any regulatory change, could lead to additional NPL/NPE generation, an increase of future provisions and a significant decrease in the Bank's revenue which could materially and adversely affect the Bank's financial condition and operating results.

**The Bank's financial performance has been and will be affected by borrower credit quality.**

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Bank's businesses. If there is a further deterioration in economic and market conditions in one or more of the markets in which the Bank operates, this could worsen the credit quality of the Bank's borrowers and counterparties. In Greece and in the other countries in which the Bank operates, the Bank may continue to see adverse changes in the credit quality of borrowers and counterparties, with increasing delinquencies, defaults and insolvencies across a range of sectors, particularly in the real estate market where the Bank's exposure is significant due to mortgage loans. These trends and risks have led and may lead to further and accelerated impairment charges, higher costs, additional write-downs and losses for the Bank.

**Applicable bankruptcy laws and other laws and regulations affecting creditors' rights in Greece and various European countries where the Group operates may limit the Group's ability to receive payments on defaulted credits.**

Laws regarding bankruptcy and other laws and regulations governing creditors' rights generally vary significantly within the regions in which the Group operates. In Greece and some other countries, bankruptcy and other laws and regulations affecting creditors' rights are likely to offer less protection for creditors than bankruptcy and other insolvency regimes in Western Europe and the United States.

Since the onset of the financial crisis in Greece, legislation has been adopted to enable vulnerable categories of individual debtors meeting specific economic and social criteria to seek court protection regarding the repayment or restructuring of their debt whereas the bankruptcy code has been amended to allow for agreements between corporate debtors and their creditors in the context of restructuring proceedings, which have resulted and could further result in credit institutions incurring significant credit impairments or write-offs.

If the current economic downturn persists or worsens, bankruptcies and other insolvency procedures could intensify or applicable laws and regulations may be amended to limit the impact of the recession on corporate and retail debtors. Furthermore, the heavy work load that local courts may face, the cumbersome and time consuming administrative and other processes and requirements to which restructuring and insolvency measures are subject slows the pace at which court judgments on insolvency and rehabilitation proceedings become final. Such amendments and/or any potential further measures reducing the protection of creditors may have an adverse effect on the Group's business, results of operations and financial condition..

**Changes in tax laws or challenges to the Group's tax position and the imposition of new taxes could adversely affect the Bank's business, financial condition and results of operations.**

The Group is subject to the various tax laws of the jurisdictions in which the Group operates. Changes in tax laws, including the imposition of new taxes, could adversely affect the Group's tax position, including the Group's effective tax rate or tax payments. The Group relies on generally available interpretations of applicable tax laws and regulations. There is no certainty that the relevant tax authorities agree with the Group's interpretation of these laws and regulations. If the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that it currently does not pay or increase the costs of the Group's services to monitor and pay such taxes, which could increase the Group's costs of operations or the Group's effective tax rate and have a negative effect on the Group's business, financial condition and results of operations. In addition, due to the uncertainty regarding the success of the Third Economic Adjustment Programme for Greece, certain new taxes and/or charges may be imposed, such as a "one-off" taxation on profitable companies, and existing taxes may be increased. In the past, the Bank has incurred both recurrent and "one-off" taxes.

**Changes in consumer protection laws might limit the fees that the Group may charge in certain banking transactions.**

Changes in consumer protection laws in Greece and other jurisdictions where the Group has operations could limit the fees that banks may charge for certain products and services such as mortgages, unsecured loans and credit cards. If introduced, such changes in laws could reduce the Group's profit for the period, though the amount of any such reduction cannot be estimated at this time. Such effects could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**The EU regulatory and supervisory framework may constrain the economic environment and adversely impact the Bank's operating environment.**

The European Parliament adopted two regulations on economic governance, namely: (i) Regulation 473/2013 for enhanced monitoring and assessment of draft budgetary plans of Eurozone member states, especially those subject to an excessive deficit procedure; and (ii) Regulation 472/2013 on enhanced surveillance of Eurozone member states that are experiencing severe financial disturbance or request financial assistance. The two regulations introduce provisions for enhanced monitoring of countries' budgetary policies. Greater emphasis is being placed on the debt criterion of the Stability and Growth Pact, where member states whose debt exceeds 60 per cent. of gross domestic product ("GDP") (the EU's debt reference value), such as the Hellenic Republic, would be required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below 3 per cent. of GDP (the EU's deficit reference value). As a preventive measure, an expenditure benchmark is proposed, which implies that annual expenditure growth should not exceed a reference medium-term rate of GDP growth. A new set of financial sanctions are proposed for Eurozone member states; these will be triggered at a lower deficit level and will use a graduated approach. Although not relevant in the short term, given the dimensions of Greece's public debt imbalance, these measures are likely to have the effect of limiting the government's capacity to stimulate economic growth through spending or through a reduction of

the tax burden for a long period. Any limitation on growth of the Greek economy is likely to adversely affect the Bank's business, financial condition, results of operations and prospects.

**Each of the auditors' reports on the consolidated and separate financial statements of Piraeus Bank and the Group for the years ended 31 December 2016 and 31 December 2015 contained a paragraph headed "Emphasis of matter" in relation to the Group's ability to continue as a going concern.**

The auditors' report on the consolidated and separate financial statements of the Group and Piraeus Bank for the year ended 31 December 2016 contained a paragraph headed "Emphasis of matter" in relation to the Group's ability to continue as a going concern. The paragraph in relation to the consolidated financial statements of the Group states:

"Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the separate and consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption."

References to "note 2.1" are to the notes to the audited consolidated and separate financial statements, respectively (produced in accordance with applicable Greek legislation) for the financial year ended 31 December 2016 for Piraeus Bank and the Group,

The auditors' report on the separate and consolidated financial statements of Piraeus Bank and the Group for the year ended 31 December 2015 contained a paragraph substantially in the same terms as described above in relation to the financial statements for the year ended 31 December 2016.

#### **FACTORS THAT MAY AFFECT PIRAEUS PLC'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME**

**Piraeus PLC is a funding vehicle for Piraeus Bank and depends on an intra-group loan by Piraeus Bank to make payments under the Notes.**

Piraeus PLC is a funding vehicle for Piraeus Bank. As such it raises finance and on-lends monies to Piraeus Bank by way of intra-group loans. In the event that Piraeus Bank fails to make a payment under an intra-group loan, Piraeus PLC may not be able to meet its payment obligations under the Notes issued by it.

**The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company. The exercise of any of these actions in relation to Piraeus PLC could materially adversely affect the value of any Notes issued by Piraeus PLC.**

Under the Banking Act 2009 (the "Banking Act"), substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority and the Prudential Regulation Authority (together, the "Authorities") as part of a special resolution regime (the "SRR"). These powers can be exercised, as applicable, by the Authorities in respect of a UK bank, UK building society, UK investment firm or UK recognised central counterparty (each a "relevant entity") in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power) for example, to protect and enhance the stability of the financial system of the UK. Certain of these powers may also be used in respect of a UK incorporated company which meets certain conditions and is in the same group as a relevant entity, an EU incorporated credit institution or investment firm or a third country incorporated credit institution or investment firm (a "UK banking group company") (such as Piraeus PLC).

The SRR consists of five stabilisation options and two special insolvency procedures (bank administration and bank insolvency) which may be commenced by HM Treasury, the Bank of England, the Prudential Regulation Authority or Secretary of State, as the case may be. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank wholly owned by the Bank of England; (iii) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England; (iv) writing down certain claims of unsecured creditors of the relevant entity (including Notes issued by Piraeus PLC) and/or converting certain unsecured debt claims (including Notes issued by Piraeus PLC) to equity which equity could also be subject to any future cancellation, transfer or dilution; and (v) temporary public ownership (nationalisation) of all or part of the relevant entity or its UK holding company. In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retroactive effect) to enable the stabilisation powers under the Banking Act to be used effectively.

Noteholders may be subject to the powers listed above, which may result in such Noteholders losing some or all of their investment. As at the date of this Offering Circular, the Authorities have not exercised any powers under the SRR in respect of Piraeus PLC and there has been no indication that they will do so. However, there can be no assurance that this will not change and any exercise of any power under the SRR or any suggestion of such exercise could, therefore, adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of Piraeus PLC to satisfy its obligations under the Notes.

In addition, the Banking Act provides the Authorities with the power to permanently write-down or convert capital instruments, such as Dated Subordinated Notes issued by Piraeus PLC, into equity at the point of non-viability and before any other resolution action is taken. Any shares issued to holders of Dated Subordinated Notes issued by Piraeus PLC upon any such conversion into equity may also be subject to future cancellation, transfer or dilution.

The point of non-viability under the Banking Act is the point at which the relevant Authority determines that the relevant entity or UK banking group company meets certain conditions (but no resolution action has yet been taken) or that the relevant entity or, in certain circumstances, group will no longer be viable unless the relevant capital instruments (such as Dated Subordinated Notes issued by Piraeus PLC) are written-down or converted.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR.

**The SRR may be triggered prior to insolvency of a relevant entity, an EEA institution or a third country institution in the same group as Piraeus PLC.**

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the relevant stabilisation options may be exercised if (a) the relevant Authority is satisfied that a relevant entity is failing, or is likely to fail, (b) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will result in the condition referred to in (a) ceasing to be met and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated. The stabilisation options may also be exercised against a UK banking group company (such as Piraeus PLC) if certain conditions for resolution are met in relation to an EEA incorporated credit institution or investment firm or a third country incorporated credit institution or investment

firm within the same group, as determined by the relevant EEA resolution authority or third country resolution authority.

**Various actions may be taken in relation to the Notes without the consent of the Noteholders.**

If the stabilisation options were exercised under the SRR in respect of Piraeus PLC, HM Treasury or the Bank of England may exercise extensive powers including, share transfer powers (applying to a wide range of securities), property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections in respect of Piraeus PLC) and resolution instrument powers (including powers to make special bail-in provisions). Exercise of these powers could involve taking various actions in relation to any securities issued by Piraeus PLC (including Notes) without the consent of the Noteholders, including (among other things):

- (1) transferring Notes notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance;
- (2) writing down (in whole or in part) the principal amount of Notes and/or converting Notes into another form or class (which may include, for example, conversion of Notes into equity securities);
- (3) modifying any interest payable in respect of the Notes, the maturity date or the dates on which any payments are due, including by suspending payment for a temporary period;
- (4) disapplying certain terms of Notes, including disregarding any termination or acceleration rights or events of default under the terms of Notes which would be triggered by the exercise of the powers and certain related events; and/or
- (5) where property is held on trust, removing or altering the terms of such trust.

The taking of any such actions could adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of Piraeus PLC to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

**A partial transfer of Piraeus PLC's business may result in a deterioration of its creditworthiness.**

If Piraeus PLC were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with Piraeus PLC (which may include Notes issued by Piraeus PLC) will result in a deterioration in the creditworthiness of Piraeus PLC and, as a result, increase the risk that it will be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration proceedings pursuant to the Banking Act. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Offering Circular, the relevant Authorities have not made an instrument or order under the Banking Act in respect of Piraeus PLC and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

**If the relevant Issuer has the right to redeem any Notes prior to maturity at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.**

Unless in the case of any particular Tranche of Notes the applicable Final Terms specifies otherwise, in the event that (i) the relevant Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Hellenic Republic or the United Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax; or (ii) (in the case of Dated Subordinated Notes only) interest payments under or with respect to such Notes are no longer (partly or fully) deductible for tax purposes in the relevant jurisdiction as described in the Conditions, the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if so specified in the applicable Final Terms in the event that in respect of any particular Tranche of Notes: (i) (if the Notes are Dated Subordinated Notes only) such Notes cease to be included in the Group's or the Bank's tier 2 capital; or (ii) (if the Issuer is Piraeus Bank only) a Proceeds Recipient is required to make any withholding or deduction in respect of amounts payable in respect of any Proceeds On-Loan for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by or on behalf of the Hellenic Republic, or in the case of any branch of Piraeus Bank acting as Proceeds Recipient through a branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**If the relevant Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.**

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market in, and the market value of, the Notes since the relevant Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the relevant Issuer. If the relevant Issuer

converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates.

**The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Notes and could affect the market value of Reset Notes.**

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a “Subsequent Reset Rate”). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

**The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.**

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

**Notes which issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.**

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared with conventional interest-bearing securities with comparable maturities.

### **Reform and Regulation of “benchmarks”**

So-called benchmarks such as the Euro Interbank Offered Rate (“EURIBOR”), ISDAFIX (now restructured and renamed the ICE Swap Rate) referenced swap rates and other indices which are deemed “benchmarks” (each a “Benchmark” and together, the “Benchmarks”), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the relevant benchmarks to perform differently than in the past, or have other consequences which may have a material adverse effect on the value of and the amount payable under the Notes.

International proposals for reform of Benchmarks include the European Council’s regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”) which was published in the official journal on 29 June 2016. In addition to the aforementioned regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks.

The London Interbank Offered Rate ("LIBOR"), EURIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

**Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of Notes which are linked to a Benchmark, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Notes.**

#### ***Risks applicable to Dated Subordinated Notes***

**An investor in Dated Subordinated Notes assumes an enhanced risk of loss in the event of the relevant Issuer's and/or the Guarantor's insolvency.**

The Issuers' and the Guarantor's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to obligations owed to Senior Creditors of the Issuer and Senior Creditors of the Guarantor. "Senior Creditors of the Issuer" means creditors of the relevant Issuer (a) who are unsubordinated creditors of the Issuer, or (b) who are subordinated creditors of the Issuer whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes (whether only in the winding up of such Issuer or otherwise) and "Senior Creditors of the Guarantor" means creditors of the Guarantor (a) who are unsubordinated creditors of the Guarantor, or (b) who are subordinated creditors of the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes or other persons claiming under the Deed of Guarantee (whether only in the winding up of the Guarantor or otherwise). Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Dated Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

**Dated Subordinated Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer.**

The Mandatory Burden Sharing Measures and the Banking Act contemplate that subordinated instruments such as the Dated Subordinated Securities must be subject to non-viability loss absorption, in addition to the general bail-in tool. See "*Any Notes issued under the Programme may be subjected in the future to the bail-in resolution tool by the competent resolution authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full*" below.

#### ***Risks Related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

**Any Notes issued under the Programme may be subjected in the future to the bail-in resolution tool by the competent resolution authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full.**

Following the transposition of the BRRD in Greek Law by virtue of Greek Law 4335/2015, as in force, increased powers were granted to the competent resolution authority, which for the Greek systemic banks is the Board of the SRM as of 1 January 2016, for the imposition of resolution measures to failing credit institutions. These measures include the bail-in tool through which a credit institution subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities (including Notes issued under the Programme) into ordinary shares. The bail-in tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the resolution authority in case of the resolution of a failing Greek credit institution and/or if the credit institution receives state-aid in the form of Government Financial Stabilisation Tool pursuant to articles 56-58 of the BRRD and article 6b of Greek Law 3864/2010, as in force, on the operation of the HFSF. Any Notes that will be issued in the context of the Programme will be subjected to the said bail-in tool. So, if the Bank is subjected to resolution measures in the future or receives state-aid in the form of Government Financial Stabilisation Tool pursuant to articles 56-58 of the BRRD and article 6b of Greek Law 3864/2010, as in force, then the value of such Notes may be written down (up to zero) as a result of the imposition of the bail-in tool by the competent resolution authority. Furthermore, the Notes may be subject to modifications or the disapplication of provisions in the Terms and Conditions of the Notes, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period.

Moreover, the conditions for the HFSF granting precautionary recapitalisation support include, among others, the imposition by virtue of a Cabinet Act, pursuant to article 6a of Greek Law 3864/2010, as in force, of mandatory burden sharing measures on the holders of instrument of capital and other liabilities of the credit institution receiving such support (“Mandatory Burden Sharing Measures”). The Mandatory Burden Sharing Measures include the absorption of losses also by existing subordinated creditors by the writing down of the nominal value of their claims. Such writing down is implemented by way of a resolution of the competent corporate body of the credit institution, so that the equity position of the credit institution becomes zero. Any Dated Subordinated Notes that will be issued under the Programme are subject to the above provisions of article 6a of Greek Law 3864/2010, as in force. Therefore, if the Bank were to receive precautionary financial support from the HFSF in the future and its equity position is negative, there can be no assurance that such new Notes will not be subjected to write-down as a result of the Mandatory Burden Sharing Measures.

In addition, Notes issued by Piraeus PLC will also be subject to the provisions of the Banking Act which implement BRRD in relation to which please refer to the risk factors ‘*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company. The exercise of any of these actions in relation to Piraeus PLC could materially adversely affect the value of any Notes issued by Piraeus PLC*’, ‘*The SRR may be triggered prior to insolvency of a relevant entity, a European Economic Area (“EEA”) institution or a third country institution in the same group as Piraeus PLC*’, ‘*Various actions may be taken in relation to the Notes without the consent of the Noteholders*’ and ‘*A partial transfer of Piraeus PLC’s business may result in a deterioration of its creditworthiness*’ above for more information.

**The circumstances in which the resolution authority may exercise the bail-in tool or other resolution tools pursuant to Greek Law 4335/2015, as in force, or other future statutes or**

**regulatory acts are vague and such uncertainty may have an impact on the value of the Notes.**

The conditions for the submission of a credit institution to resolution and the respective activation of the relevant powers of the competent resolution authority, are set in article 32 of the BRRD and Greek transposing Law 4335/2015. Such conditions include the determination by the resolution authority that (a) the credit institution is failing or is likely to fail; (b) no reasonable prospect exists that any alternative private sector measures (including the write down) would prevent the failure; and (c) a resolution action is necessary in the public interest, whilst the resolution objectives would not be met to the same extent by the special liquidation of the credit institution pursuant to normal insolvency.

Such conditions, however, are not further specified in the applicable law and so their satisfaction is left to the determination and discretion of the competent resolution authority. Such uncertainty may impact the market perception as to whether a credit institution meets or not such conditions and as such it may be subjected to resolution tools. This may have material adverse impact on the present value of the Notes and other securities of the Issuers listed on organised markets.

In addition, if any Greek bail-in action is taken, interested parties, such as creditors or shareholders, may raise legal challenges. If any litigation arises in relation to Greek bail-in actions (whether actually, or purported to be taken) and such actions are declared void or ineffective and additional actions need to be taken, including reversal of any Greek bail-in action that is challenged, this may negatively affect liquidity and valuation, and increase the price volatility of the Issuers' securities (including the Notes).

**The claims of Noteholders against Piraeus Bank will be of low ranking if Piraeus Bank is placed under special liquidation.**

In the event of special liquidation of Piraeus Bank, and subject to certain exemptions regarding claims of preferential treatment (arising from financial collateral arrangements within the meaning of article 2 of Greek Law 3301/2004, as in force, or in connection to deposits of the DGS (as defined above in the relevant Risk Factor) and investments guarantee scheme of the HDIGF held with Piraeus Bank or in connection to contributions owed to such schemes by Piraeus Bank), the claims against Piraeus Bank shall be satisfied in the order of priority set out in par. 1 of article 145A, which was added to Greek Law 4261/2014, as in force, by means of Greek Law 4335/2015, as in force.

In particular, pursuant to article 145A of Greek Law 4261/2014, as amended and in force, in case Piraeus Bank has been placed under special liquidation, claims against it shall be ranked as follows: (i) employment claims, as further defined in article 154 (d) of Greek Law 3588/2007, as in force ("Bankruptcy Code"); (ii) State claims in case that the public equity support tool has been used pursuant to articles 57 or 58 of Greek Law 4335/2015, as in force; (iii) claims stemming from guaranteed deposits or subrogation claims of the HDGIF or claims of the HDIGF under the DGS in the context of resolution under article 104 of Greek Law 4335/2015, as in force; (iv) State claims, irrespective of cause, including surcharges of any nature and interest charged on these claims; (v) claims of the Resolution Fund provided for under par. 6 of article 98 of Greek Law 4335/2015, as in force, in case of financing for the purposes of fulfilling the obligations of the Resolution Fund, as further specified in article 95 of Greek Law 4335/2015, as in force, and claims stemming from eligible deposits, insofar as they exceed €100,000 for deposits of individuals and small enterprises and SMEs; (vi) claims from covered investment services or relevant subrogation claims of the HDGIF; (vii) claims from eligible deposits, insofar as they exceed €100,000, but do not fall under (v) above; (viii) claims from deposits not covered under the compensation scheme of the HDGIF, with the exception of certain deposits set out in article 145A of Greek Law 4261/2014, as in force; (ix) all claims neither falling under (i) to (viii) above nor being subordinated in accordance with the respective agreements, excluding, *inter alia*, claims from Notes issued by Piraeus Bank (unless guaranteed by the Hellenic Republic) and claims arising from guarantees granted by Piraeus Bank

in relation to bonds or hybrid instruments issued by the Bank's subsidiaries, having their registered seat in Greece or abroad.

In light of the above, in the event that Piraeus Bank is placed under special liquidation, the claims of Noteholders will rank after all claims referred to under (i) to (ix) above and therefore, Piraeus Bank's ability to fulfil its obligations under the Programme in full and in a timely manner may be adversely affected.

**The terms and conditions of the Notes contain provisions which may permit their modification without the consent of all investors.**

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The terms and conditions of the Notes also provide that the relevant Issuer may, without the consent of Noteholders, substitute another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 16 of the conditions of the Notes.

**The value of the Notes could be adversely affected by a change in English law or administrative practice.**

The conditions of the Notes (other than Condition 21 and, in the case of Dated Subordinated Notes issued by Piraeus Bank, Condition 3(a) and Condition 3(c) and in the case of Dated Subordinated Notes by Piraeus PLC, Condition 3(b), Condition 3(c) (insofar such Condition relates to the Guarantor), and clauses 5.8 and 5.10 of the Deed of Guarantee when Dated Subordinated Notes are issued by Piraeus PLC, which shall be governed by Greek law) are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or Greek law or administrative practice after the date of this Offering Circular.

## **Taxation**

Potential investors of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing Notes and receiving payments of interest, principal and/or other amounts or delivery of securities under the Notes and the consequences of such actions under the tax laws of those countries. Please refer to the "Taxation" section.

In particular, investors should note that the Greek income taxation framework was recently amended and reformed. A new Greek income tax code was brought into force in the beginning of 2014 (by virtue of Greek Law 4172/2013, effective as of 1 January 2014, as amended from time to time). Please see "Taxation" for further details. Accordingly, very little (if any) precedent or authority exists as to the application of this new income tax code. Further, non-Greek tax residents may have to submit a declaration of non-residence or produce documentation evidencing non-residence in order to claim any exemption under applicable tax laws of Greece.

## **Limitation on gross-up obligation under the Dated Subordinated Notes**

The obligation under Condition 10 to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of Dated Subordinated Notes applies only to payments of interest and not to payments of principal or premium (as applicable). As such, the relevant Issuer, or the Guarantor (as the case may be) would not be required to pay any additional amounts under the terms of the Dated Subordinated Notes to the extent any withholding or deduction applied to payments of principal or premium (as applicable). Accordingly,

if any such withholding or deduction were to apply to any payments of principal or premium (as applicable) under any Dated Subordinated Notes, Noteholders may receive less than the full amount of principal or premium (as applicable) due under such Notes upon redemption, and the market value of such Notes may be adversely affected.

**Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.**

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that it's holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

**Because the Global Notes are held on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer.**

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the relevant Issuer and/or the Guarantor, if applicable, will discharge their payment obligations under the Notes by making payments to the common depository or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the relevant Issuer in the event of a default under the relevant Notes.

### ***Risks related to the market generally***

Set out below is a brief description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

**An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and such liquidity may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, existing liquidity arrangements (for example, re-purchase agreements by the Issuers) might not protect Noteholders from having to sell their Notes at substantial discount below their principal amount, in case of financial distress of the Issuers. Illiquidity may have a severely adverse effect on the market value of Notes.

**If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.**

The Issuers will pay principal and interest on the Notes and the Guarantor will make any payments under the Deed of Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**Credit ratings assigned to Piraeus PLC and/or Piraeus Bank or any Notes may not reflect all the risks associated with an investment in those Notes.**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA

Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

**There is no active trading market for the Notes.**

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes. In addition, in June 2015, the Luxembourg Stock Exchange and the London Stock Exchange suspended the trading of all bonds from the four major Greek banks, including bonds issued by Piraeus Bank and Piraeus PLC, for a period that lasted approximately one month.

## IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES AND CONSENT

### Restrictions on Non-exempt offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Non-exempt Offer. This Offering Circular has been prepared on a basis that permits Non-exempt Offers of Notes in each Member State in relation to which the relevant Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a “Non-exempt Offer Jurisdiction” and together the “Non-exempt Offer Jurisdictions”). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Offering Circular must do so only with the relevant Issuer’s consent to the use of this Offering Circular as provided under “*Consent given in accordance with Article 3.2 of the Prospectus Directive*” and provided such person complies with the conditions attached to that consent.

Save as provided above, none of Piraeus PLC, Piraeus Bank or any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

### Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of a Non-exempt Offer of Notes, the relevant Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the contents of this Offering Circular in relation to any person (an “Investor”) who acquires any Notes in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Offering Circular are complied with. The consent and conditions attached to it are set out under “*Specific Consent*”, “*General Consent*” and “*Common Conditions to Consent*” below.

None of Piraeus PLC, Piraeus Bank or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the relevant Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

**Except in the circumstances set out in the following paragraphs, none of Piraeus PLC and Piraeus Bank and any Dealer has authorised the making of any Non-exempt Offer by any offeror and the relevant Issuer has not consented to the use of this Offering Circular by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the relevant Issuer is unauthorised and none of Piraeus PLC, Piraeus Bank and, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.** If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Offering Circular for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

### ***Consent***

In connection with each Tranche of Notes and subject to the conditions set out below under “*Common Conditions to Consent*”:

### *Specific Consent*

- (a) the relevant Issuer consents to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by:
  - (i) the relevant Dealer(s) or Manager(s) specified in the applicable Final Terms;
  - (ii) any financial intermediaries specified in the applicable Final Terms;
  - (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on Piraeus Bank's website ([www.piraeusbankgroup.com](http://www.piraeusbankgroup.com)) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

### *General Consent*

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the relevant Issuer hereby offers to grant its consent to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any other financial intermediary which satisfies the following conditions:
  - (i) it is authorised to make such offers under the Financial Services and Markets Act 2000 ("FSMA"), as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) (in which regard, Investors should consult the register maintained by the Financial Conduct Authority at: [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do)); and
  - (ii) it accepts the relevant Issuer's offer to grant consent to the use of this Offering Circular by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "Acceptance Statement"):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [Piraeus Bank S.A.]/[Piraeus Group Finance PLC] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in [Greece/Luxembourg] during the Offer Period and subject to the other conditions to such consent, each as specified in the Offering Circular, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Offering Circular) and confirm that we are using the Offering Circular accordingly."*

The "Authorised Offeror Terms", being the terms to which the relevant financial intermediary agrees in connection with using the Offering Circular, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of Piraeus PLC, Piraeus Bank and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
  - I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "Rules"), including the Rules published by the United Kingdom Financial Conduct Authority ("FCA") (including its

guidance for distributors in “*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

- II. comply with the restrictions set out under “*Subscription and Sale*” in this Offering Circular which would apply as if it were a Dealer;
- III. ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the Financial Services and Markets Act 2000;
- V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;
- VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or directly to the appropriate authorities with jurisdiction over the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer in order to enable the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer;
- VII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

- VIII. co-operate with the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph VI above upon written request from the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer:
- (i) in connection with any request or investigation by any regulator in relation to the Notes, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer; and/or
  - (ii) in connection with any complaints received by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC and/or the relevant Dealer relating to the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
  - (iii) which the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,
- in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;
- IX. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;
- X. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- XI. ensure that it does not, directly or indirectly, cause the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the

relevant Dealer to breach any Rule or subject the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

- XII. comply with the conditions to the consent referred to under “*Common Conditions to Consent*” below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
  - XIII. make available to each potential Investor in the Notes this Offering Circular (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the relevant Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Offering Circular and the applicable Final Terms; and
  - XIV. if it conveys or publishes any communication (other than this Offering Circular or any other materials provided to such financial intermediary by or on behalf of the relevant Issuer for the purposes of the relevant Non- exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the relevant Issuer, that such financial intermediary is solely responsible for such communication and that none of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer (as applicable), use the legal or publicity names of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe Piraeus PLC or Piraeus Bank, as the case may be, as issuer of the relevant Notes and Piraeus Bank as the guarantor of the relevant Notes (if applicable) on the basis set out in this Offering Circular;
- (B) agrees and undertakes to indemnify each of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such

purposes by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer; and

- (C) agrees and accepts that:
- I. the contract between the relevant Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the relevant Issuer's offer to use the Offering Circular with its consent in connection with the relevant Non-exempt Offer (the "Authorised Offeror Contract"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
  - II. subject to (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "Dispute") and the relevant Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;
  - III. for the purposes of (C)(II) and (IV), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
  - IV. to the extent allowed by law, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
  - V. each relevant Dealer and (where the Issuer is Piraeus PLC) Piraeus Bank will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) above are together the "Authorised Offerors" and each an "Authorised Offeror".

**Any Authorised Offeror falling within (b) above who meets the conditions set out in (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Offering Circular in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.**

#### ***Common Conditions to Consent***

The conditions to the relevant Issuer's consent to the use of this Offering Circular in the context of the relevant Non-exempt Offer are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and

- (ii) only extends to the use of this Offering Circular to make Non-exempt Offers of the relevant Tranche of Notes in the Non-exempt Offer Jurisdictions, as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Offering Circular.

The only relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any relevant Member States are so specified) as indicated in (ii) above, will be Greece and Luxembourg, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Greece and Luxembourg, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

#### ***ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS***

**AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF PIRAEUS PLC, PIRAEUS BANK AND, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the CSSF shall be incorporated in, and form part of, this Offering Circular:

- (a) the section entitled “Terms and Conditions of the Notes” from the previous offering circulars relating to the Programme dated 9 June 2004 (pages 20-42), 9 August 2005 (pages 29-51), 10 August 2006 (pages 29-51), 21 June 2007 (31-54), 2 July 2008 (pages 44-68), 12 August 2009 (pages 47-70), 16 August 2010 (pages 54-82), 25 July 2011 (pages 60-88), 27 June 2012 (pages 64-92), 23 July 2013 (pages 77-102), 7 August 2014 (pages 82-113) and 26 July 2016 (pages 91-123) respectively;
- (b) the following sections of the 2016 Annual Financial Report of Piraeus Bank:
  - (i) the independent auditors’ report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2016 which appears on pages 59 to 60 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2016 which appear on pages 1 to 163 of the Consolidated Financial Statements section. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6, the statement of changes in equity appears on page 5 and the explanatory notes appear on pages 7 to 163 of the Consolidated Financial Statements section;
  - (iii) the audited separate annual financial statements as at and for the financial year ended 31 December 2016 which appear on pages 1 to 132 of the Financial Statements section. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 132 of the Financial Statements section;
- (c) the following sections of the 2015 Annual Financial Report of Piraeus Bank:
  - (i) the independent auditors’ report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2015 which appears on pages 53 to 54 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2015 which appear on pages 1 to 173 of the Consolidated Financial Statements section. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6, the statement of changes in equity appears on page 5 and the explanatory notes appear on pages 7 to 173 of the Consolidated Financial Statements section; and
  - (iii) the audited separate annual financial statements as at and for the financial year ended 31 December 2015 which appear on pages 1 to 134 of the Financial Statements section. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 134 of the Financial Statements section;

- (d) Consolidated interim condensed financial information for the three months ended 31 March 2017 of Piraeus Bank Group, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31 March 2017 which appear on pages 1 to 48. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6, the statement of changes in equity appears on page 5 and the explanatory notes appear on pages 7 to 48 of that document;
- (e) Consolidated interim condensed financial information for the three months ended 31 March 2016 of Piraeus Bank Group, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31 March 2016 which appear on pages 1 to 48. The Statement of Financial Position appears on page 4, the income statement appears on page 2, the statement of total comprehensive income appears on page 3, the cash flow statement appears on page 6, the statement of changes in equity appears on page 5 and the explanatory notes appear on pages 7 to 50 of that document;
- (f) the following sections of the annual report for the year ended 2016 of Piraeus PLC:
  - (i) the independent auditors' report in respect of the audited annual financial statements as at and for the financial year ended 31 December 2016 which appears on pages 7 and 8 of the annual report; and
  - (ii) the audited annual financial statements as at and for the year ended 31 December 2016 which appear on pages 9 to 17 of the annual report. The Statement of Financial Position appears on page 10, the income statement appears on page 9, the cash flow statement appears on page 12 and the explanatory notes appear on pages 13 to 17 of that document; and
- (g) the following sections of the annual report for the year ended 2015 of Piraeus PLC:
  - (i) the independent auditors' report in respect of the audited annual financial statements as at and for the financial year ended 31 December 2015 which appears on pages 8 and 9 of the annual report;
  - (ii) the audited annual financial statements as at and for the year ended 31 December 2016 which appear on pages 10 to 22 of the annual report. The Statement of Financial Position appears on page 11, the income statement appears on page 10, the cash flow statement appears on page 13 and the explanatory notes appear on pages 14 to 22 of that document.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered offices of Piraeus Bank and Piraeus PLC and from the specified offices of the Paying Agents for the time being in London and Luxembourg. This Offering Circular, each Final Terms relating to Notes admitted to trading on the Luxembourg Stock Exchange and the documents incorporated by reference will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

For items (b) to (g) above<sup>2</sup>, the information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information that is not required by the relevant annexes of Commission Regulation (EC) No. 809/2004 of 29 April 2004. Any non-

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<sup>2</sup> Including, without limitation, the Board of Directors' Report which is referred to in the independent auditors' report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2016 which appears in the 2016 Annual Financial Report of Piraeus Bank and the Board of Directors' Report which is referred to in the independent auditors' report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2015 which appears in the 2015 Annual Financial Report of Piraeus Bank

incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Piraeus Bank and Piraeus PLC will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular in accordance with article 13 of Part II of the Luxembourg Act or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

## GENERAL DESCRIPTION OF THE PROGRAMME

*This General Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.*

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer, and in respect of Notes issued by Piraeus PLC, Piraeus Bank, and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes" below. A summary of the Programme is set out in the section "Summary of the Programme" in this Offering Circular.

This Offering Circular and any supplement will only be valid for Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the Euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation; and
- (b) the Euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global Note without interest coupons or talons or, if so specified in the applicable Final Terms, a permanent global note (a "Permanent Global Note") which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a temporary global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made outside the United States and its possessions (against presentation of the temporary global Note if the temporary global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this Section "Form of the Notes" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the relevant Issuer and the Agent.

On and after the date (the "Exchange Date") which is the later of (i) 40 days after the date on which any temporary global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the "Distribution Compliance Period"), interests in such temporary global Note will be exchangeable (free of charge) upon request as described therein either for interests in a permanent global Note without interest coupons or talons, or for definitive Notes with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described in the immediately preceding paragraph. The holder of a temporary global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless upon due certification exchange of the temporary Global Note is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Payments of principal, interest (if any) or any other amounts on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Note if the permanent global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a permanent global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event as described therein. "Exchange Event" means (i) in the case of Senior Notes, an Event of Default has occurred and is continuing or in the case of Dated Subordinated Notes, any Subordinated Default Event has occurred and is continuing, (ii) the relevant Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (iii) at the option of the relevant Issuer at any time. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event as described above, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all permanent global Notes that have a maturity of more than one year (including unilateral rollovers and extensions), definitive Notes, interest coupons and talons:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 1. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of the Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of this Global Note is received by the bearer, from 8.00 p.m. (London time) on such seventh day holders of interest in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 11 August 2017 executed by the Issuers.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes[, from 1 January 2018,] are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

### **APPLICABLE FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).*

[Date]

**[PIRAEUS GROUP FINANCE PLC/PIRAEUS BANK S.A.**  
(acting through its [head office / London Branch])]

Issue of  
[Aggregate Principal Amount of Tranche]  
[Title of Notes]

Issued under the  
**€25,000,000,000 Euro Medium Term Note Programme**  
**[guaranteed by PIRAEUS BANK S.A.]**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated 11 August 2017 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular [and the supplement[s] to the Offering Circular] [is][are] available for viewing at [www.bourse.lu](http://www.bourse.lu) and at [www.piraeusbankgroup.com](http://www.piraeusbankgroup.com) and during normal business hours at [address], and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [9 June 2004 / 9 August 2005 / 10 August 2006 / 21 June 2007 / 2 July 2008 / 12 August 2009 / 16 August 2010 / 25 July 2011 / 27 June 2012 / 23 July 2013 / 7 August 2014 / 26 July 2016] which are incorporated by reference in the Offering Circular dated 11 August 2017. This document constitutes the Final Terms of the

Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 11 August 2017 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Offering Circular") including the conditions incorporated by reference in the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. Copies of such Offering Circular [and the supplement[s] to such Offering Circular] are available for viewing at [website] and during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.]

*[(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)]*

1. (i) Series Number: [ ]
  - (ii) Tranche Number: [ ]
  - (iii) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes will be consolidated and form a single Series with *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24(i) below, which is expected to occur on or about [date].]
  2. Specified Currency or Currencies: [ ]
  3. Aggregate Nominal Amount: [ ]
    - (i) Series: [ ]
    - (ii) Tranche: [ ]
  4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [date] (if applicable)]
  5. (i) Specified Denominations: [ ]
  - (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. [(i)] Issue Date: [ ]
  - [(ii)] Interest Commencement Date: [specify/Issue Date/Not Applicable]

7. Maturity Date: [Fixed rate or resettable (unless adjusted) – specify date]  
Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[Reset Notes]  
[[ ] month [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount  
  
*(N.B. In the case of Notes other than Zero Coupon Notes, the redemption must be at least 100 per cent. of the nominal amount)*
10. Change of Interest Basis: [Not Applicable/Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 15 below and identify there]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]
12. (i) Status of the Notes: [Senior/Dated Subordinated]  
(ii) Status of the Deed of Guarantee: [Senior/Dated Subordinated]  
(iii) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ], respectively]]  
  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date.
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify date] [adjusted in accordance with paragraphs 13(vii) and (viii) below]
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount

*(Applicable to Notes in definitive form)*

- (iv) Broken Amount(s): *(Applicable to Notes in definitive form)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [ ] in each year/[Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual(ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in case of long or short first or last coupon)*

- (vii) Business Day Convention: [Not Applicable/Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (viii) Business Centre(s): [ ]/[Not Applicable]

14. Reset Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) First Margin: [+/-][ ] per cent. per annum
- (iii) Subsequent Margin: [[+/-][ ] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date/[specify date] [adjusted in accordance with paragraphs 14(xvi) and (xvii) below]
- (v) Fixed Coupon Amount to (but excluding) the First Reset Date: [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (vi) Broken Amount(s): *(Applicable to Notes in definitive form)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]
- (vii) First Reset Date: [ ]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Subsequent Reset Date(s): [ ] [and [ ]] [Not Applicable]
- (x) Relevant Screen Page: [ ]

- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [30/360 or 360/360 or Actual/Actual (ICMA)]
- (xv) Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon).*
- (xvi) Business Day Convention: [Not Applicable/Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (xvii) Business Centre(s): [ ]/[Not Applicable]
- (xviii) Calculation Agent: [ ]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[Name] shall be the Calculation Agent]
- (vi) Screen Rate Determination:
- Reference Rate: [ ] month [[currency] LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]

[Second day on which commercial banks are

open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period]

[First day of each Interest Period]

[Second day on which the TARGET 2 System is open prior to the start of each Interest Period]

- Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(vii) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

(viii) Linear Interpolation:

[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(ix) Margin(s): [ +/- ] [ ] per cent. per annum

(x) Minimum Rate of Interest: [ ] per cent. per annum

(xi) Maximum Rate of Interest: [ ] per cent. per annum

(xii) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 or 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA)]  
(See Condition 5 for alternatives)

16. Zero Coupon Note Provisions:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Accrual Yield: [ ] per cent. per annum

(ii) Reference Price: [ ]

(iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

## PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b) and Minimum period: [ ] days

Condition 6(c):

Maximum period: [ ] days

18. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption [ ] Amount:
- (b) Maximum Redemption [ ] Amount:
- (iv) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
19. Capital Disqualification Event Call: [Applicable/Not Applicable]
20. Proceeds On-Loan Tax Call: [Applicable/Not Applicable]
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
22. Final Redemption Amount: [ ] per Calculation Amount
23. Early Redemption Amount payable on redemption for taxation reasons[, on a Capital Disqualification Event] or on event of default: [As per Condition 6/[ ] per Calculation Amount]  
*(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par) the Early Redemption Amount is likely to be par (but consider). If however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event.]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event.]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves)*

(ii) New Global Note: [Yes]/[No]

25. Additional Financial Centre(s): [Not Applicable/[ ]]

*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(iii) relates)*

26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if on exchange into definitive form, more than 27 coupon payments are still to be made/No]

### **THIRD PARTY INFORMATION RESPONSIBILITY**

[*Relevant third party information*] has been extracted from [*specify source*]. [Each of the][The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [Piraeus Group Finance PLC][Piraeus Bank S.A.]:

By: .....  
*Duly Authorised*

[Signed on behalf of Piraeus Bank S.A.:

By: .....  
*Duly Authorised]*

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Not Applicable][Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of [the Luxembourg Stock Exchange with effect from [ ]].]
  
2. **RATINGS**

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated][The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[[insert details] by [insert legal names of the relevant credit rating agency entity(ies) and associated defined terms]].*

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”).]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
  
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. – *Amend as appropriate if there are other interests*]

*[N.B. When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive]*
  
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
  - (i) Reasons for the offer: [ ]

*(See “Use of Proceeds” wording in Offering Circular – if reasons for offer are different from general corporate and financing purposes of the Group will need to include those reasons here.)*
  
  - (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of*

priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: [ ]. [Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]

5. **YIELD** (Fixed Rate Notes only)

Indication of yield: [ ]/[Not Applicable]

6. **INFORMATION ABOUT THE PAST PERFORMANCE OF THE UNDERLYING – HISTORIC INTEREST RATES** (Floating Rate Notes only)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]/Not Applicable]

7. **OPERATIONAL INFORMATION**

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/[ ]]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]/Not Applicable]

(vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [ ] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “No” at the date of these Final Terms, should the

Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safe- keeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## DISTRIBUTION

8. (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement: [Not Applicable/[ ]]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/[ ]]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable/[ ]]
- (vi) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
- (viii) Non-exempt Offer: [Applicable] [Not Applicable] *(if not applicable, delete the remaining placeholders of this subparagraph (viii) and also paragraph 9 below.)*
- (ix) Non-exempt Offer Jurisdictions: *[Specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Offering Circular lists the Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)]*
- (x) Offer Period: [Specify date] until [specify date / the Issue Date / the date which falls [ ] Business Days

thereafter]

(xi) Financial intermediaries granted specific consent to use the Offering Circular in accordance with the Conditions in it: *[Insert names and addresses of financial intermediaries receiving consent (specific consent)]*

(xii) General Consent: [Not Applicable][Applicable]

(xiii) Other conditions to consent: [Not Applicable][Add here any other Authorised Offeror Terms].

*(Authorised Offeror Terms should only be included here where General consent is applicable.)*

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

(xiv) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified.*

*If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)*

## 9. TERMS AND CONDITIONS OF THE OFFER

*(Delete whole section if sub-paragraph 8(viii) above is specified to be Not Applicable because there is no Non-exempt Offer)*

Offer Price: [Issue Price/Not applicable/specify]

Conditions to which the offer is subject: [Not applicable/[ ]]

Description of the application process: [Not applicable/[ ]] *(include details of method of adjustments to the Offer Period)*

Details of the minimum and/or maximum amount of application: [Not applicable/[ ]]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/[ ]]

|                                                                                                                                              |                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Details of the method and time limits for paying up and delivering the Notes:                                                                | [Not applicable/[ ]]                                                                                                              |
| Manner in and date on which results of the offer are to be made public:                                                                      | [Not applicable/[ ]]                                                                                                              |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/[ ]]                                                                                                              |
| Whether tranche(s) have been reserved for certain countries:                                                                                 | [Not applicable/[ ]]                                                                                                              |
| Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/[ ]]                                                                                                              |
| Amount of any expenses and taxes specifically charged to the subscriber or purchaser:                                                        | [Not applicable/[ ]]                                                                                                              |
| Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [The Authorised Offerors identified in paragraph 8 above and identifiable from the Offering Circular/Name/ <i>give details</i> ]. |

**ANNEX**

**SUMMARY OF THE NOTES**

***[To be prepared for each issue of Notes with a denomination of less than EUR 100,000]***

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes[, from 1 January 2018,] are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### **APPLICABLE FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of EUR 100,000 (or its equivalent in another currency) or more.*

[Date]

**[PIRAEUS GROUP FINANCE PLC/PIRAEUS BANK S.A.]**  
(acting through its [head office/ London Branch])

Issue of  
[Aggregate Principal Amount of Tranche] [Title of Notes]  
Issued under the

**€25,000,000,000 Euro Medium Term Note Programme**  
**[guaranteed by PIRAEUS BANK S.A.]**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated 11 August 2017 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular [and the supplement[s]] [is][are] available for viewing at [www.bourse.lu](http://www.bourse.lu) and at [www.piraeusbankgroup.com](http://www.piraeusbankgroup.com) and during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [9 June 2004 / 9 August 2005 / 10 August 2006 / 21 June 2007 / 2 July 2008 / 12 August 2009 / 16 August 2010 / 25 July 2011 / 27 June 2012 / 23 July 2013 / 7 August 2014 / 26 July 2016] which are incorporated by reference in the Offering Circular dated 11 August 2017. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 11 August 2017 [and the supplement[s] to it

dated [date][ and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”) including the conditions incorporated by reference in the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of the Offering Circular and the supplement[s] to such Offering Circular [is] [are] available for viewing at [website] [and] during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.]

The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

*[(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24(i) below, which is expected to occur on or about [date].]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (i) Specified Denominations: [ ]

*(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))*

*(Note where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*

(ii) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

6. (i) Issue Date: [ ]

(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]

7. Maturity Date: [Fixed rate or resettable (unless adjusted) – specify date/

*Floating rate – Interest Payment Date falling in or nearest to [specify month]]*

8. Interest Basis: [[ ] per cent. Fixed Rate]  
[Reset Notes] [[ ] month [LIBOR/EURIBOR] +/- [ ] per cent.  
Floating Rate]  
[Zero Coupon]  
(further particulars specified below)

9. Redemption/[Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount.

*(N.B. In the case of Notes other than Zero Coupon Notes, the redemption must be at least 100 per cent. of the nominal amount)*

10. Change of Interest Basis: [Not Applicable/Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 15 below and identify there]

11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]

12. (a) Status of the Notes: [Senior/[Dated Subordinated]]

(b) Status of the Deed of Guarantee: [Senior/[Dated Subordinated]]

(c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ], respectively]]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date [adjusted in accordance with paragraphs 13(vii) and 13(viii) below]]
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (iv) Broken Amount(s): *(Applicable to Notes in definitive form.)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[ ] in each year]/[Not Applicable]  
  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Business Day Convention: [Not Applicable/Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (viii) Business Centre(s): [ ]/[Not Applicable]
14. Reset Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) First Margin: [+/-][ ] per cent. per annum
- (iii) Subsequent Margin: [[+/-][ ] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date/[specify date] [adjusted in accordance with paragraphs 14(xvi) and (xvii)]

below]]

- (v) Fixed Coupon Amount to (but excluding) the First Reset Date: *(Applicable to Notes in definitive form)* [ ] per Calculation Amount
- (vi) Broken Amount(s): *(Applicable to Notes in definitive form)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (vii) First Reset Date: [ ]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Subsequent Reset Date(s): [ ] [and [ ]] [Not Applicable]
- (x) Relevant Screen Page: [ ]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [30/360 or 360/360 or Actual/Actual (ICMA)]
- (xv) Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)*
- (xvi) Business Day Convention: [Not Applicable/Following Business Day Convention/Preceding Business Day Convention/ Modified Following Business Day Convention]
- (xvii) Business Centre(s): [ ]/[Not Applicable]
- (xviii) Calculation Agent: [ ]

15. Floating Rate Note Provisions: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [ ]

- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ] month [[currency] LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
[ ]  
[Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET 2 System is open prior to the start of each Interest Period]
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed)]

Actual/365 (Sterling)  
Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond basis  
30E/360 (ISDA)]

(See Condition 5 for alternatives)

16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b) [and Condition 6(c)]: Minimum period: [ ] days  
Maximum period: [ ] days
18. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption [ ] Amount:
- (b) Maximum Redemption [ ] Amount:
- (iv) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
19. Capital Disqualification Event Call: [Applicable/Not Applicable]
20. Proceeds On-Loan Tax Call: [Applicable/Not Applicable]
21. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [ ]

- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
22. Final Redemption Amount: [ ] per Calculation Amount
23. Early Redemption Amount payable on redemption for taxation reasons[, on a Capital Disqualification Event] or on event of default: [As per Condition 6/[ ] per Calculation Amount]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]."*
- (ii) New Global Note: [Yes][No]
25. Additional Financial Centre(s): [Not Applicable/[ ]]
- (Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(iii) relates)*
26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [Piraeus Group Finance PLC][Piraeus Bank S.A.]:

By: .....  
*Duly Authorised*

[Signed on behalf of Piraeus Bank S.A.:

By: .....  
*Duly Authorised]*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Not Applicable][Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of [the Luxembourg Stock Exchange with effect from [ ]].]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]].*

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”).]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. – *Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

### 4. YIELD (Fixed Rate Notes Only)

Indication of yield: [ ]/[Not Applicable]

### 5. INFORMATION ABOUT THE PAST PERFORMANCE OF THE UNDERLYING – HISTORIC INTEREST RATES (FLOATING RATE NOTES ONLY)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].

## 6. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/[ ]]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [ ] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safe-keeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]

- (ii) If syndicated, names of Managers: [Not Applicable/[ ]]
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/[ ]]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/[ ]]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified.*

*If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)*

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, each definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The term "Issuer" as used in these Terms and Conditions refers to the Issuer specified as such in the applicable Final Terms in relation to a particular Tranche of Notes. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified, complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and each definitive Note. Reference should be made to "Form of the Notes" and "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series of notes issued by the Issuer specified as such in the applicable Final Terms (as defined below), being either Piraeus Group Finance PLC ("Piraeus PLC") or Piraeus Bank S.A. ("Piraeus Bank"), acting through its head office or its London Branch (each an **Issuing Branch**, and in each case as specified in the applicable Final Terms) (together the "Issuers") the notes of such Series being hereinafter called the "Notes", which expression shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note issued in accordance with an amended and restated Fiscal Agency Agreement (the "Agency Agreement", which expression shall include any amendments or supplements thereto) dated 11 August 2017 and made between Piraeus PLC, Piraeus Bank and Deutsche Bank AG, London Branch in its capacity as Issuing and Principal Paying Agent (the "Agent", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such) and the other Paying Agents named therein (the "Paying Agents", which expression shall include the Agent and any substitute or additional Paying Agents appointed in accordance with the Agency Agreement).

The Notes and the Coupons (each as defined below) have the benefit of a deed of covenant (the "Deed of Covenant", which expression shall include any amendments or supplements thereto) dated 11 August 2017 executed by the Issuers in relation to the Notes. The original Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Notes issued by Piraeus PLC are the subject of a deed of guarantee dated 11 August 2017 (as amended or supplemented from time to time, the "Deed of Guarantee") entered into by Piraeus Bank (in such capacity, the "Guarantor").

Interest bearing definitive Notes will (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which complete these Terms and Conditions for the purposes of this Note. References herein to "applicable Final Terms" are to Part A of the Final Terms attached hereto or endorsed hereon.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series

and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and subject to their detailed provisions. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the applicable Final Terms which are applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified office of each of the Agent and the other Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Words and expressions defined in the Agency Agreement, the Deed of Covenant or the Deed of Guarantee or which are used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement, Deed of Covenant or the Deed of Guarantee and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may (i) bear interest calculated by reference to one or more fixed rates of interest (such Note, a “Fixed Rate Note”), (ii) bear interest calculated by reference to, in the case of an initial period, an initial fixed rate of interest and, thereafter, the applicable fixed rate of interest that has been determined pursuant to the reset provisions contained in these Terms and Conditions by reference to a mid-market swap rate for the Specified Currency (such Note, a “Reset Note”), (iii) bear interest calculated by reference to one or more floating rates of interest (such Note, a “Floating Rate Note”), (iv) be issued on a non-interest bearing basis and be offered and sold at a discount to its nominal amount (such Note, a “Zero Coupon Note”) or (v) be a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be a Senior Note or a Dated Subordinated Note, depending upon the Status of the Notes shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and any

Paying Agent shall (subject as provided below) be entitled to deem and treat (and no such person will be liable for so deeming and treating) the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note (including Notes issued in new global note ("NGN") form, as specified in the applicable Final Terms) held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Agent and any other Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Guarantor, the Agent and any other Paying Agent as the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly).

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be. Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Guarantor and the Agent and specified in the applicable Final Terms.

## **2. STATUS OF THE SENIOR NOTES AND THE DEED OF GUARANTEE IN RESPECT OF SENIOR NOTES ISSUED BY PIRAEUS PLC**

- (a) If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
- (b) The obligations of Piraeus Bank under the Deed of Guarantee in respect of Senior Notes issued by Piraeus PLC constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

## **3. STATUS OF DATED SUBORDINATED NOTES AND THE DEED OF GUARANTEE IN RESPECT OF DATED SUBORDINATED NOTES**

- (a) If the Notes are specified as Dated Subordinated Notes in the applicable Final Terms, the Notes are and will be, direct, unsecured and subordinated obligations of the Issuer and rank at all times *pari passu* among themselves.

The claims of the Noteholders will be subordinated to the claims of Senior Creditors of the Issuer (as defined below) in that payments of principal and interest in respect of the Notes

(whether in the winding up of the Issuer or otherwise) will be conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no principal or interest shall be payable in respect of the Notes (whether in the winding up of the Issuer or otherwise) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of the Issuer, which are due and payable.

“Senior Creditors of the Issuer” means creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, or (b) who are subordinated creditors of the Issuer whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes (whether only in the winding up of the Issuer or otherwise).

In case of dissolution, liquidation and/or bankruptcy of the Issuer the holders of Dated Subordinated Notes will only be paid by the Issuer after all Senior Creditors of the Issuer have been paid in full and the holders of Dated Subordinated Notes irrevocably waive their right to be treated equally with all other unsecured, unsubordinated creditors of the Issuer in such circumstances.

- (b) The payment of principal and interest in respect of any Dated Subordinated Notes issued by Piraeus PLC has been irrevocably guaranteed on a subordinated basis by the Guarantor.

All claims under the Deed of Guarantee will be subordinated to the claims of Senior Creditors of the Guarantor (as defined below) in that payments under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and in that no amount shall be payable under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of the Guarantor, which are due and payable.

“Senior Creditors of the Guarantor” means creditors of the Guarantor (a) who are unsubordinated creditors of the Guarantor, or (b) who are subordinated creditors of the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes or other persons claiming under the Deed of Guarantee (whether only in the winding up of the Guarantor or otherwise).

In case of dissolution, liquidation and/or bankruptcy of the Guarantor the holders of Dated Subordinated Notes will only be paid by the Guarantor after all Senior Creditors of the Guarantor have been paid in full and the holders of Dated Subordinated Notes irrevocably waive their right to be treated equally with all other unsecured, unsubordinated creditors of the Guarantor.

- (c) Subject to applicable law, no holder of any Dated Subordinated Notes or the Coupons relating thereto (if any) may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer or the Guarantor (if applicable) arising under or in connection with the Dated Subordinated Notes or the Coupons relating thereto, and each Noteholder or Couponholder shall, by virtue of its subscription, purchase or holding of any Dated Subordinated Note or Coupon relating thereto, be deemed to have waived all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (y) any amount owed by the Issuer or the Guarantor (if applicable) to a Noteholder or Couponholder arising under or in connection with the Dated Subordinated Notes or the Coupons relating thereto; and (z) any amount owed to the Issuer or the

Guarantor (if applicable) by such Noteholder or, as the case may be, Couponholder, such Noteholder or, as the case may be, Couponholder will immediately transfer such amount which is set-off to the Issuer or the Guarantor (as applicable) or, in the event of its winding up or dissolution, the liquidator, administrator or other relevant insolvency official of the Issuer or the Guarantor (as applicable), to be held on trust for the Senior Creditors of the Issuer or the Senior Creditors of the Guarantor (as applicable).

#### **4. NEGATIVE PLEDGE (SENIOR NOTES ONLY)**

This Condition 4 shall apply only to Senior Notes and references to “Notes” and “Noteholders” shall be construed accordingly. If the Notes are specified as Senior Notes in the applicable Final Terms, so long as any of the Notes remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor (if applicable) shall create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of an encumbrance or security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, save that the Issuer or the Guarantor (if applicable) may create or permit to subsist a security interest to secure Indebtedness and/or any guarantee or indemnity given in respect of Indebtedness of any person, in each case as aforesaid, (but without the obligation to accord or provide to the Noteholder either, an equal and rateable interest in the same or such other security as aforesaid) where such security interest:

- (a) is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice and whereby the amount of Indebtedness secured by such security interest or in respect of which any guarantee or indemnity is secured by such security interest is limited to the value of the assets secured; or
- (b) is granted in relation to mortgage-backed bonds issued by the Guarantor under Greek law and “covered bonds”.

“Indebtedness” means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other debt securities which, with the consent of the Issuer are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing).

#### **5. INTEREST**

##### **(a) *Interest on Fixed Rate Notes***

- (i) Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Final Terms at the rate(s) per annum equal to the Rate(s) of Interest so specified payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if that does not fall on an Interest Payment Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed

Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

- (ii) As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a) or Condition 5(b):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
- (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date the “Accrual Period” is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
- (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of

Determination Dates that would occur in one calendar year;  
and

- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

"Determination Period" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Reset Notes*

(i) *Rates of Interest and Interest Payment Dates*

Each Reset Note bears interest:

- (A) from (and including) the Interest Commencement Date specified in the applicable Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (B) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (C) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a "Subsequent Reset Period") at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) payable, in each case, in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if that does not fall on an Interest Payment Date.

The Rate of Interest and the amount of interest (the "Interest Amount") payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5(a) and, for such purposes, references in the fourth paragraph of Condition 5(a) to "Fixed Rate Notes" shall be deemed to be to "Reset Notes" and Condition 5(a) shall be construed accordingly.

In these Conditions:

"First Margin" means the margin specified as such in the applicable Final Terms;

"First Reset Date" means the date specified in the applicable Final Terms;

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to Condition 5(b)(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the First Margin;

"Initial Rate of Interest" has the meaning specified in the applicable Final Terms;

"Mid-Market Swap Rate" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"Mid-Swap Floating Leg Benchmark Rate" means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to Condition 5(b)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page or such replacement page on that service which displays the information; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"Rate of Interest" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"Reset Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms;

"Reset Date" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"Reset Determination Date" means, in respect of the First Reset Period, the second Reset Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Reset Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"Reset Period" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"Second Reset Date" means the date specified in the applicable Final Terms;

"Subsequent Margin" means the margin specified as such in the applicable Final Terms;

"Subsequent Reset Date" means the date or dates specified in the applicable Final Terms; and

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period and subject to Condition 5(b)(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the relevant Subsequent Margin.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum (converted as set out in the definition of such term above) of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum (converted as set out in the definition of such term above) of (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

For the purposes of this Condition 5(b)(ii) "Reference Banks" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) *Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount*

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified, inter alios, to the Issuer and, if applicable, the Guarantor, the Agent and to any stock exchange on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to each stock exchange on which the relevant Reset Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(iv) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, the Calculation Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an "Interest Payment Date") in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "Interest Payment Date") which (save as otherwise mentioned in these Terms and Conditions or the applicable Final Terms) falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

“Business Day” means (unless otherwise stated in the applicable Final Terms) a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (the “TARGET2 System”) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(iii) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For purposes of this sub-paragraph (iii): (a) “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings

given to those terms in the ISDA Definitions, (b) the definition of “Banking Day” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general” and (c) “Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

Where this sub-paragraph (iii) applies, in respect of each relevant Interest Period, the Agent will be deemed to have discharged its obligations under sub-paragraph (iv) below in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (iii).

(iv) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time,

- (i) the Issuer shall request; or
- (ii) the the Agent or other person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) shall request,

if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks (as defined below) or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Issuer or the Agent (as the case may be) with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period, if the Reference Rate is LIBOR, to leading banks in the London inter- bank market as at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, to leading banks in the Euro zone inter-bank market as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer or the Agent (as the case may be) with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if

necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer or the Agent (as the case may be).

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer or the Agent (as the case may be) with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issuer or the Agent (as the case may be) determines as being the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issuer or the Agent (as the case may be) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer or the Agent (as the case may be) with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 5(c)(iv):

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Issuer or the Agent (as the case may be).

“Reference Rate” means, as specified in the Final Terms, (i) the London interbank offered rate (“LIBOR”) or (ii) the Euro-zone interbank offered rate (“EURIBOR”), as specified for each in the Final Terms.

“Relevant Financial Centre” means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London or (ii) in the case of a determination of EURIBOR, Brussels.

“Specified Time” means the time specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, 11.00 a.m., or (ii) in the case of a determination of EURIBOR, 11.00 a.m., in each case in the Relevant Financial Centre.

(v) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(vi) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest cent (or its approximate equivalent sub-unit of the relevant Specified Currency, half of any sub-unit being rounded upwards or otherwise in accordance with applicable market convention). Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 Fixed" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (c) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times M_2 - M_1] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(vii) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(viii) *Notification of Rate of Interest and Interest Amount*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified, *inter alios*, to the Issuer and, if applicable, the Guarantor and to any stock exchange on which the relevant Floating Rate Notes are for the time being listed, and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(ix) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(c) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Notes or such other rate as may be specified in the relevant Final Terms until whichever is the earlier of (1) the date on which all amounts due in respect of such Note have been paid, and (2) date on which the Agent having received the funds required to make such payment, notice is given to the Noteholders in accordance with Condition 15 of that circumstance (except to the extent that there is failure in the subsequent payment thereof to the relevant Noteholder).

## **6. REDEMPTION AND PURCHASE**

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for Tax Reasons*

If as a result of any amendment to or change in the laws or regulations of:

- (x) in respect of sub-paragraphs (i) or (ii) below, the jurisdiction of incorporation of the Issuer or, if applicable, the Guarantor or, in the case of Piraeus Bank issuing Notes through an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction; or
- (y) in respect of sub-paragraph (iii) below, the Hellenic Republic, or in the case of Piraeus Bank acting as Proceeds Recipient (as defined below) through an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction;

or in each case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which amendment or change becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes:

- (i) the Issuer would be required to pay additional amounts as provided in Condition 10, or the Guarantor (if applicable) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay additional amounts as provided in Condition 10;
- (ii) (in the case of Dated Subordinated Notes only) interest payments under or with respect to the Dated Subordinated Notes are no longer (partly or fully) deductible for tax purposes in the jurisdiction of the incorporation of the Issuer or, in the case of Piraeus Bank issuing Notes through an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction; or
- (iii) (in the case of Notes issued by Piraeus PLC only) if a Proceeds On-Loan Tax Call is specified as being applicable in the applicable Final Terms and the Proceeds Recipient is required to make any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by or on behalf the Hellenic Republic, or in the case of Piraeus Bank acting as Proceeds Recipient through a an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction, or in each case any political subdivision thereof or any authority or agency therein or thereof having power to tax, in respect of any amounts of principal, premium and interest in respect of any Proceeds On-Loan (as defined below) payable by or on behalf of the Proceeds Recipient,

the Issuer may, (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), at its option and having given not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption **provided that** in case of redemption pursuant to sub-paragraph (i) above, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (if applicable) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

In these conditions, "Proceeds On-Loan" means any loan made by Piraeus PLC to Piraeus Bank (or any Issuing Branch of Piraeus Bank) (the "Proceeds Recipient") with all (or substantially all) of the net proceeds of the Notes.

(c) *Redemption following the occurrence of a Capital Disqualification Event*

This Condition 6(c) is applicable only in relation to Notes specified in the applicable Final Terms as being Dated Subordinated Notes and references to "Notes" and "Noteholders" shall be construed accordingly.

Where this Condition 6(c) is specified as being applicable in the Final Terms, if immediately prior to the giving of the notice referred to below, a Capital Disqualification Event has occurred and is continuing, the Issuer may (subject to Condition 6(j)), at its option and having given no less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

In these Conditions:

A "Capital Disqualification Event" will occur if at any time Piraeus Bank determines that as a result of a change (or prospective future change which the Relevant Regulator considers to be sufficiently certain) to the regulatory classification of the relevant series of Dated Subordinated Notes, in any such case becoming effective on or after the Issue Date, the whole or any part of the aggregate principal amount of such Dated Subordinated Notes fully ceases (or would fully cease) to be included in, or count towards the Tier 2 Capital of the Group or the Bank.

"Group" means Piraeus Bank and its subsidiaries and subsidiary undertakings from time to time.

"Relevant Regulator" means the European Central Bank (acting in the framework of the Single Supervisor Mechanism) or such other body or authority having primary supervisory authority with respect to Piraeus Bank and/or the Group.

"Tier 2 Capital" has the meaning given to it by the Relevant Regulator from time to time.

(d) *Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), having (unless otherwise specified in the applicable Final Terms) given not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

In the event of a redemption of some only of the Notes, such redemption must be of a nominal amount being not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of definitive Notes, the Notes to be redeemed will be selected individually by lot not more than 30 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 15 not less

than 15 days prior to such date. In the case of a partial redemption of Notes which are represented by a global Note, the relevant Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

(e) *Redemption at the Option of the Noteholders (Investor Put)*

This Condition 6(e) is applicable only in relation to Notes specified in the relevant Final Terms as being Senior Notes and references to “Notes” and “Noteholders” shall be construed accordingly.

If Investor Put is specified as being applicable in the applicable Final Terms, upon any Noteholder giving to the Issuer in accordance with Condition 15 not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.

If this Note is in definitive form, to exercise any right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this Condition 6(e) shall be irrevocable except where prior to the due date of repayment an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(e).

(f) *Early Redemption Amounts*

For the purposes of Condition 6(b) above and Condition 11:

- (i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (ii) each Zero Coupon Note will be redeemed at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of

the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365)

(g) *Purchases*

The Issuer, the Guarantor (if applicable) or any Subsidiary (as defined in the Agency Agreement) of the Issuer or the Guarantor (if applicable) may (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), at any time purchase Notes (together, in the case of definitive Notes, with all Coupons and Talons appertaining thereto) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, as the case may be, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Notes which are redeemed in full will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes which are purchased and cancelled pursuant to Condition 6(h) above (together with all unmatured Coupons and Talons attached thereto or delivered therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(i) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(f)(ii) above as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (1) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

(j) *Conditions to Redemption and Purchase of Dated Subordinated Notes*

Any redemption or purchase of Dated Subordinated Notes in accordance with Conditions 6(b), (c), (d) or (g) above is subject to:

- (1) Piraeus Bank giving notice to the Relevant Regulator and the Relevant Regulator granting permission to redeem or purchase the relevant Dated Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Regulatory Capital Requirements); and

- (2) compliance by Piraeus Bank with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements at the relevant time.

In these Conditions, "Regulatory Capital Requirements" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Relevant Regulator and/or (ii) any other national or European authority, in each case then in effect in the Hellenic Republic (or in such other jurisdiction in which Piraeus Bank may be organised or domiciled) and applicable to the Group.

*Article 78 of Commission Regulation (EU) No 575/2013 (as amended from time to time) provides that the Relevant Regulator shall, subject as provided in Article 78 and below, grant permission to redeem or repurchase Dated Subordinated Notes where either:*

- (i) *on or before the relevant redemption date, the Bank replaces the Dated Subordinated Notes with own funds instruments of equal or higher quality on terms that are sustainable for the income capacity of Piraeus Bank; or*
- (ii) *Piraeus Bank has demonstrated to the satisfaction of the Relevant Regulator that its tier 1 capital and tier 2 capital would, following such redemption or repurchase, exceed the capital ratios required under Directive (EU) 2013/36 of the European Parliament and the Council (as amended from time to time) ("CRD IV") by a margin that the Relevant Regulator may consider necessary on the basis set out in CRD IV.*

*Further, Article 78 provides that the Relevant Regulator may only permit the redemption of the Dated Subordinated Notes before the fifth anniversary of their Issue Date if either of the conditions referred to in sub-paragraphs (i) or (ii) above and either of the conditions referred to in paragraphs (a) or (b) below are met:*

- (a) *in the case of redemption pursuant to Condition 6(b), Piraeus Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable at the Issue Date; or*
- (b) *in the case of redemption pursuant to Condition 6(c), (i) the Relevant Regulator considers such change to be sufficiently certain and (ii) Piraeus Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable at the Issue Date.*

## **7. PAYMENTS**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

(b) *Payments subject to fiscal and other laws*

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto.

(c) *Presentation of Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 7(a) above against presentation and surrender (or, in the case of part payment only, endorsement) of definitive Notes and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid against presentation and surrender (or, in the case of part payment only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States and its possessions (as referred to below).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons) failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 14) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Reset Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(d) *Payments in respect of global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant global Note, where applicable against presentation or surrender (or, in the case of part payment only, endorsement), as the case may be, of such global Note at the specified office of any Paying Agent outside the United States and its possessions. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made

on such global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

The holder of the relevant global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer, or to the order of, the holder of the relevant global Note. No person other than the holder of the relevant global Note shall have any claim against the Issuer in respect of any payments due in respect of the Notes represented by such global Note.

(e) *Amounts payable in U.S. dollars*

Payments of principal and/or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer or the Guarantor (if applicable).

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, "Payment Day" means any day which (subject to Condition 14) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in
  - (a) in the case of Notes in definitive form only, in the relevant place of presentation; and
  - (b) in each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant

Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(g) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(f)); and
- (vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

## **8. AGENT AND PAYING AGENTS**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer and, if applicable, the Guarantor is/are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (ii) there will at all times be an Agent; and
- (iii) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7(e). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 15.

## **9. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Notes to which it appertains) a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## 10. TAXATION

All payments in respect of the Notes and Coupons payable by or on behalf of the Issuer or the Guarantor (if applicable) shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by or on behalf of, in the case of Piraeus PLC, the United Kingdom or, in the case of Piraeus Bank, the Hellenic Republic and, in the case of Piraeus Bank issuing Notes through an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, the jurisdiction where such Issuing Branch is situated and, in the case of Piraeus Bank guaranteeing Notes issued by Piraeus PLC, the United Kingdom or, in each case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless such withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (i) in respect of the Dated Subordinated Notes only, in respect of interest only and (ii), in respect of the Senior Notes only, in respect of interest, principal and premium, as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amount of interest (and, in respect of the Senior Notes only, principal and premium) which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom, or, as the case may be, the Hellenic Republic, or, as the case may be, the jurisdiction in which the Issuing Branch is situated other than the mere holding of such Note or Coupon; or
- (ii) presented for payment by or on behalf of a Noteholder or Couponholder who would not be liable or subject to such withholding or deduction if he were to comply with any statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so; or
- (iii) presented for payment more than thirty days after the Relevant Date (as defined below), except to the extent that the relevant Noteholder or Couponholder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) presented for payment in Greece (in the case of Piraeus Bank unless Piraeus Bank issues Notes through an Issuing Branch situated in a jurisdiction other than the Hellenic Republic, in which case the reference to Greece shall be construed as a reference to such other jurisdiction) or the United Kingdom (in the case of Piraeus PLC).

For the purposes of these Terms and Conditions, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full

amount of the moneys payable has not been received by the Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## **11. EVENTS OF DEFAULT**

### **(1) Senior Notes**

This Condition 11(1) is applicable only in relation to Notes specified in the relevant Final Terms as being Senior Notes and references to “Notes” and “Noteholders” shall be construed accordingly.

- (a) Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an “Event of Default”) shall be acceleration events in relation to the Notes, namely:
- (i) the Issuer fails to pay in the Specified Currency any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 14 days; or
  - (ii) the Issuer or, if applicable, the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or Coupons and such default remains unremedied for 30 days after written notice thereof has been delivered by a Noteholder to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or
  - (iii) the repayment of any indebtedness owing by the Issuer or, if applicable, the Guarantor or any Material Subsidiary is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or, if applicable, the Guarantor or any Material Subsidiary defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred and be continuing shall exceed €25,000,000 (or its equivalent in any other currency or currencies); or
  - (iv) any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer or, if applicable, the Guarantor or any Material Subsidiary (other than for the purpose of amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or
  - (v) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or

- (vi) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or
- (vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or, if applicable, the Guarantor or any Material Subsidiary or in relation to the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary or an interim supervisor of Piraeus Bank is appointed by the European Central Bank or the Single Resolution Board or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of the Issuer or, if applicable, the Guarantor and in any of the foregoing cases it or he shall not be discharged within 60 days; or
- (viii) the Issuer or, if applicable, the Guarantor or any Material Subsidiary sells, transfers, lends or otherwise disposes of the whole or a major part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer or Piraeus Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis; or
- (ix) with respect to any Notes issued by Piraeus PLC, the Deed of Guarantee is not in full force and effect.

For the purposes of this Condition 11(1)(a) "Material Subsidiary" means at any time any Subsidiary of Piraeus Bank:

- (i) whose gross assets or (in the case of a Subsidiary which has subsidiaries) gross consolidated assets as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated assets of Piraeus Bank and its Subsidiaries as shown by the then latest published audited consolidated balance sheet of Piraeus Bank and its Subsidiaries; or
  - (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary provided that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Material Subsidiary.
- (b) If any Event of Default shall occur and be continuing in relation to any Note, any Noteholder may, by written notice to the Issuer at the specified office of the Agent, declare that such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(2) *Dated Subordinated Notes*

This Condition 11(2) is applicable only in relation to Notes specified in the relevant Final Terms as being Dated Subordinated Notes and any references to "Notes" or "Noteholders"

shall be construed accordingly. The events specified below are both “Subordinated Default Events”:

- (a) If default is made in the payment of any amount due in respect of the Notes or any of them on the due date and such default continues for a period of 7 days, any Noteholder may institute proceedings for the winding up of the Issuer.
- (b) If, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer, any Noteholder may, by written notice to the Agent, declare such Note to be due and payable whereupon the same shall become immediately due and payable at its Early Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption unless such Subordinated Default Event shall have been remedied prior to receipt of such notice by the Agent.

## **12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Noteholders to consider any matter affecting their interests, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of these Terms and Conditions. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders whether or not they are present at the meeting, and on all holders of Coupons relating to the Notes.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

Any modification of the Dated Subordinated Notes in accordance with this Condition 12 is subject to Piraeus Bank obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given under the relevant Regulatory Capital Requirements.

## **13. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent in London (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the costs and expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **14. PRESCRIPTION**

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 14 or Condition 7(b) or any Talon which would be void pursuant to Condition 7(b).

## 15. NOTICES

All notices to Noteholders regarding the Notes shall be valid if published in the *Financial Times* or another leading English language daily newspaper with circulation in London. The Issuer will ensure that notices to Noteholders are published if and for so long as the Notes are listed on the Luxembourg Stock Exchange and so long as the rules so require, in a daily newspaper with circulation in Luxembourg, which is expected to be the *Luxemburger Wort* or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu).

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) representing the Notes is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as appropriate, for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Any such notices will, if published more than once, be deemed to have been given on the date of the first publication, as provided above.

The holders of Coupons and Talons will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules.

## 16. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement (the "Substituted Debtor") upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 15, provided that:
  - (i) the Issuer is not in default in respect of any amount payable under the Notes;

- (ii) the Issuer and the Substituted Debtor have entered into such documents (the “Documents”) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 16);
  - (iii) the Substituted Debtor shall enter into a deed of covenant in favour of the holders of the Notes then represented by a global Note on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;
  - (iv) if the Substituted Debtor is not Piraeus Bank, the Deed of Guarantee extends to the obligations of the Substituted Debtor under or in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement and continues to be in full force and effect;
  - (v) if the Substituted Debtor is resident for tax purposes in a territory (the “New Residence”) other than that in which the Issuer prior to such substitution was resident for tax purposes (the “Former Residence”), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10, with the substitution of references to the Former Residence with references to the New Residence;
  - (vi) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
  - (vii) legal opinions shall have been delivered to the Agent from lawyers of recognised standing in the jurisdiction of incorporation of the Substituted Debtor, in England and in Greece as to the fulfilment of the requirements of this Condition 16 and that the Notes and any Coupons and/or Talons are legal, valid and binding obligations of the Substituted Debtor;
  - (viii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange; and
  - (ix) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any Coupons.
- (b) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Coupons and/or Talons, the Deed of Covenant and under the Agency Agreement.
- (c) After a substitution pursuant to Condition 16(a) the Substituted Debtor may, without the consent of any Noteholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 16(a) and 16(b) shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so

requires, be deemed to be or include references to any such further Substituted Debtor.

- (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the consent of any Noteholder or Couponholder, reverse the substitution, *mutatis mutandis*.
- (e) The Documents shall be delivered to, and kept by, the Agent. Copies of the Documents will be available free of charge during normal business hours at the specified office of each of the Paying Agents.
- (f) In the case of Dated Subordinated Notes only, any substitution of the Issuer in accordance with this Condition 16 is subject to Piraeus Bank obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given under the relevant Regulatory Capital Requirements.

## 17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) with the outstanding Notes and so that the same shall be consolidated and form a single series with the outstanding Notes.

## 18. BAIL-IN

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer, the Guarantor (if applicable) and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 18 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

- (a) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
  - (i) the reduction of all, or a portion, of the Amounts Due (as defined below) on a permanent basis;
  - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer, the Guarantor (if applicable) or another person (and the issue to the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer, the Guarantor (if applicable) or another person;
  - (iii) the cancellation of the Notes or Amounts Due; or
  - (iv) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

- (b) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

In these Terms and Conditions:

“Amounts Due” means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 10, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

“Bail-in Power” means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Hellenic Republic (in the case of Piraeus Bank) or the United Kingdom (in the case of Piraeus PLC), relating to (i) the transposition of the BRRD, (ii) (in the case of Piraeus Bank) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time) and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations.

“BRRD” means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented in the Hellenic Republic (in the case of Piraeus Bank) and in the United Kingdom (in the case of Piraeus PLC), as amended or replaced from time to time and including any other relevant implementing regulatory provisions.

“Relevant Resolution Authority” means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

## **19. GOVERNING LAW; SUBMISSION TO JURISDICTION**

- (a) The Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law except that (i) Condition 21, (ii) in the case of Dated Subordinated Notes issued by Piraeus Bank, Condition 3(a) and Condition 3(c) are governed by and shall be construed in accordance with Greek law and (iii) in the case of Dated Subordinated Notes issued by Piraeus PLC, Condition 3(b), Condition 3(c) (insofar as such Condition relates to the Guarantor) and clauses 5.8 and 5.10 of the Deed of Guarantee are governed by and shall be construed in accordance with Greek law.
- (b) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes and/or the Coupons (a **Dispute**) and each party submits to the exclusive jurisdiction of the English courts. For the purposes of this Condition 18(b), each of Piraeus Bank, Piraeus PLC, the

Noteholders and Couponholders waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (c) Piraeus Bank irrevocably and unconditionally agrees that service in respect of any Proceedings may be effected upon Piraeus Bank S.A., London Branch at Tower 42, 25 Old Broad Street, London EC2N 1PB and undertakes that in the event of it ceasing to maintain a London Branch Piraeus Bank will forthwith appoint a further person as its agent for that purpose and notify the name and address of such person to the Agent and agrees that, failing such appointment within fifteen days, any Noteholder shall be entitled to appoint such a person by written notice addressed to Piraeus Bank and delivered to Piraeus Bank or to the specified office of the Agent. Nothing contained herein shall affect the right of any Noteholder to serve process in any other manner permitted by law.

## **20. THIRD PARTY RIGHTS**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **21. PIRAEUS BANK NOTEHOLDERS AGENT**

Should Greek Law 3156/2003 of the Hellenic Republic (the “Bond Law”) apply in the case of issue of Notes by Piraeus Bank (the “Piraeus Bank Notes”), Piraeus Bank shall, if required to do so under the Bond Law, whether the holders of Piraeus Bank Notes (the “Piraeus Bank Noteholders”) are organised in a group or otherwise, appoint an agent (the “Piraeus Bank Noteholders Agent”) by way of a written agreement (the “Piraeus Bank Noteholders Agency Agreement”). The Piraeus Bank Noteholders Agent shall represent the Piraeus Bank Noteholders judicially and extra-judicially in accordance with the provisions of the Bond Law. The Piraeus Bank Noteholders Agency Agreement shall include, among others, provisions for convening meetings of the Piraeus Bank Noteholders to consider, *inter alia*, any matter affecting their interests, as may be required under the Bond Law. The particular duties, rights and liabilities of the Piraeus Bank Noteholders Agent and any amendments to the Conditions and this Offering Circular, inherent to (i) the appointment of the Piraeus Bank Noteholders Agent, and (ii) the entering into the Piraeus Bank Noteholders Agency Agreement shall be included in the relevant Final Terms and/or, if necessary, any supplement to this Offering Circular which will be prepared for the issue of Piraeus Bank Notes.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the relevant Issuer for the general corporate and financing purposes of the Group (as defined below).

## PIRAEUS GROUP FINANCE PLC

### Introduction

Piraeus Group Finance PLC was incorporated in, and under the laws of, England on 26 October 2000 as a public limited company of indefinite duration. Piraeus PLC is registered in England with number 4097418 and operates under the Companies Act 2006. The principal place of business of Piraeus PLC is Tower 42, 25 Old Broad Street, London EC2N 1PB, telephone +44 20 7920 6000. The registered office of Piraeus PLC is 4 Felstead Gardens, Ferry Street, London E14 3BS. Piraeus PLC was acquired by Piraeus Bank on 25 January 2001 and the share capital of Piraeus PLC continues to be held, directly or indirectly, by Piraeus Bank. Piraeus PLC's legal and commercial name is Piraeus Group Finance PLC.

### Directors

The Directors of Piraeus PLC and their respective business addresses and principal activities in relation to Piraeus PLC and Piraeus Bank are:

| <b>Name</b>    | <b>Address</b>                                   | <b>Principal activities</b>                                                                       |
|----------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Chris Wheeler  | Tower 42, 25 Old Broad Street<br>London EC2N 1PB | Director of Piraeus PLC<br>Director of Piraeus Group Capital Ltd                                  |
| David Rampling | Tower 42, 25 Old Broad Street<br>London EC2N 1PB | Director of Piraeus PLC<br>Director of Piraeus Group Capital Ltd<br>Director of Exus Software Ltd |

Other than as disclosed above, no Director has any activities outside Piraeus PLC which are significant with respect to Piraeus PLC.

The Secretary of Piraeus PLC is Jamestown Investments Limited, 4 Felstead Gardens, Ferry Street, London E14 3BS.

Piraeus PLC has no employees or non-executive Directors.

Piraeus PLC is not aware of any potential conflict of interest between the duties to Piraeus PLC of the persons listed above and their private interests or other duties.

### Activities

The share capital of Piraeus PLC was acquired, directly or indirectly, by Piraeus Bank with the intention that Piraeus PLC should operate as a financing vehicle for Piraeus Bank and the Group. Except in connection with the Programme, Piraeus PLC has not engaged in any activities since its incorporation. Piraeus PLC has no subsidiaries or associated companies. Piraeus PLC is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of Piraeus PLC.

### General

Piraeus PLC has made no investments since the date of the last published financial statements and has made no firm commitments on future investments.

As Piraeus PLC is a finance company whose sole business is raising debt to be on-lent to Piraeus Bank and other subsidiaries of Piraeus Bank on an arm's-length basis, Piraeus PLC is dependent upon Piraeus Bank and other subsidiaries of Piraeus Bank servicing these loans.

There have been no recent events particular to Piraeus PLC which are to a material extent relevant to the evaluation of Piraeus PLC's solvency.

Save for Piraeus PLC's dependence upon Piraeus Bank and other subsidiaries of Piraeus Bank (as referred to above), no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Piraeus PLC's prospects for the current financial year have been identified.

Piraeus PLC's objects are set out in paragraph 4 of its Memorandum of Association and include carrying on its business as a general commercial company.

Other than the execution of the Programme Agreement, the Agency Agreement, the Deed of Covenant and the Notes (each as defined in this Offering Circular) Piraeus PLC has not entered into any contract outside the ordinary course of its business which could result in Piraeus PLC being under an obligation or entitlement that is material to Piraeus PLC's ability to meet its obligations to the holders of Notes under the Programme.

Piraeus PLC has no audit committee and complies with general provisions of English law on corporate governance.

## Selected financial information relating to Piraeus PLC

### Capitalisation and Indebtedness

The following table sets out the capitalisation and indebtedness of Piraeus PLC as at 31 December 2016 and 31 December 2015. There has been no material change in the capitalisation of Piraeus PLC since 31 December 2016.

|                                                                               | As at<br>31 December<br>2016 | As at<br>31 December<br>2015 |
|-------------------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                               | (Amounts in EUR thousands)   |                              |
| Authorised Share Capital of 50,000 Ordinary Shares of £1 each .....           | 71                           | 71                           |
| Issued Share Capital of 50,000 Ordinary Shares of 25 pence each paid up ..... | 18                           | 18                           |
| Retained earnings.....                                                        | 2,830                        | 2,861                        |
| <b>Total Equity</b> .....                                                     | <b>2,848</b>                 | <b>2,879</b>                 |
| Shareholders' Equity.....                                                     | 2,848                        | 2,879                        |
| Creditors falling due within one year .....                                   | 35                           | 112                          |
| <b>Total Equity and Liabilities</b> .....                                     | <b>2,883</b>                 | <b>2,991</b>                 |

The debt of Piraeus PLC as of 31 December 2016 was €0 (2015: €0).

As at the date of this Offering Circular, no call has been made on the 75 pence not paid up on each Ordinary Share (£37,500 in total).

## Accounts and Dividends

Since the date of its incorporation, eight dividend payments have been made. These amounted to €3.5 million in 2006, €6 million in 2007, €5.5 million in 2008, €3.0 million in 2009, €4.0 million in 2010, which was paid in April 2011, €2.0 million in 2011, which was paid in January 2012, €1.0 million in 2012, which was paid in January 2013, and €2.6 million, which was paid in January 2017. Copies of the latest annual accounts for the years ended 31 December 2016 and 31 December 2015 of Piraeus PLC will be available free of charge at the specified offices of Deutsche Bank Luxembourg S.A. in Luxembourg.

The financial information set out below has been extracted from the audited financial statements of Piraeus PLC at 31 December 2016 prepared under IFRS, which include comparative numbers as of 31 December 2015. The comparative numbers as of 31 December 2015 were prepared under IFRS and were audited. Such information should be read in conjunction with, and is qualified in its entirety by reference to, Piraeus PLC's audited financial statements and the related notes thereto incorporated by reference into this Offering Circular.

## Statement of Comprehensive Income

|                                                                                       | Year ended 31 December  |            |
|---------------------------------------------------------------------------------------|-------------------------|------------|
|                                                                                       | 2016                    | 2015       |
|                                                                                       | Amounts in EUR thousand |            |
| Interest and similar income.....                                                      | 0                       | 32,847     |
| Interest expense and similar charges.....                                             | 0                       | (31,703)   |
| <b>Net interest income</b> .....                                                      | 0                       | 1,144      |
| General administrative expenses .....                                                 | (1)                     | (123)      |
| <b>(Loss)/Profit before tax</b> .....                                                 | (1)                     | 1,021      |
| Income tax expense.....                                                               | (30)                    | (214)      |
| <b>(Loss)/Profit for the financial year</b> .....                                     | (31)                    | 807        |
| Other comprehensive income.....                                                       | 0                       | 0          |
| <b>Total comprehensive (expense)/income for the year attributable to owners</b> ..... | <b>(31)</b>             | <b>807</b> |

## Statement of Financial Position

|                                                         | As at 31 December       |              |
|---------------------------------------------------------|-------------------------|--------------|
|                                                         | 2016                    | 2015         |
|                                                         | Amounts in EUR thousand |              |
| <b>ASSETS</b>                                           |                         |              |
| <b>Current Assets</b>                                   |                         |              |
| Cash.....                                               | 9                       | 10           |
| Due from banks .....                                    | 2,874                   | 2,951        |
| Current tax asset .....                                 | 0                       | 30           |
| <b>TOTAL ASSETS</b> .....                               | <b>2,883</b>            | <b>2,991</b> |
| <b>Total Equity</b>                                     |                         |              |
| <b>Equity attributable to the owners of the Company</b> |                         |              |
| Called up share capital.....                            | 18                      | 18           |
| Retained earnings .....                                 | 2,830                   | 2,861        |
| <b>Total equity</b> .....                               | 2,848                   | 2,879        |
| <b>LIABILITIES</b>                                      |                         |              |
| <b>Current Liabilities</b>                              |                         |              |
| Other liabilities .....                                 | 35                      | 112          |

|                                           |              |              |
|-------------------------------------------|--------------|--------------|
| TOTAL LIABILITIES .....                   | 35           | 112          |
| <b>TOTAL LIABILITIES AND EQUITY .....</b> | <b>2,883</b> | <b>2,991</b> |

### Statement of Cash Flows

|                                                                                                    | Year ended 31 December         |              |
|----------------------------------------------------------------------------------------------------|--------------------------------|--------------|
|                                                                                                    | 2016                           | 2015         |
| <b>Cash flows (used in) / generated from operating activities</b>                                  | <b>Amounts in EUR thousand</b> |              |
| (Loss)/Profit before tax .....                                                                     | (1)                            | 1,021        |
| <i>Adjustment to reconcile net(loss)/profit before tax to cash flow from operating activities:</i> |                                |              |
| Amortisation of discount on EMTN issuance .....                                                    | 0                              | 1,385        |
|                                                                                                    | (1)                            | 2,406        |
| <i>Net increase in assets relating to operating activities:</i>                                    |                                |              |
| Deposits repaid .....                                                                              | 0                              | 85,215       |
| <i>Net increase/(decrease) in liabilities relating to operating activities:</i>                    |                                |              |
| Notes and other balances .....                                                                     | 0                              | (84,321)     |
| Other liabilities .....                                                                            | (77)                           | 12           |
| <i>Net cash flow (used in) / generated from operating activities before taxes .....</i>            | (78)                           | 3,312        |
| Income taxes paid .....                                                                            | 0                              | (360)        |
| <b>Net cash flows (used in) / generated from operating activities .....</b>                        | (78)                           | 2,952        |
| <b>Net cash flows generated from investing activities .....</b>                                    | 0                              | 0            |
| <b>Net cash flows generated from financing activities .....</b>                                    | 0                              | 0            |
| <b>Net (decrease)/increase in cash and cash equivalents .....</b>                                  | (78)                           | 2,952        |
| <b>Cash and cash equivalents at the beginning of the year .....</b>                                | 2,961                          | 9            |
| <b>Cash and cash equivalents at the end of the year .....</b>                                      | <b>2,883</b>                   | <b>2,961</b> |

## PIRAEUS BANK AND THE PIRAEUS BANK GROUP

The following overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in the Offering Circular.

### 1. Overview of Piraeus Bank and the Piraeus Bank Group

Piraeus Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under the Codified Law 2190/1920 and Law 4261/2014, each as in force. The Bank is a company limited by shares (société anonyme) with the legal name 'Piraeus Bank Société Anonyme'. It is registered in Greece with the General Commercial Registry of the Ministry of Economy Development and Tourism Under No. 225501000 (ex number 6065/06/B/86/04 of Companies' Registry) (number 6065/06/B/86/04) and has its registered office at 4 Amerikis Str., 105 64 Athens, Greece (telephone +30 210 333 5000). It has been listed on the Athens Stock Exchange ("ATHEX") since 1918, and is subject to the regulation and supervision of, amongst others, the ECB, the Bank of Greece and the Hellenic Capital Market Commission (the "HCMC"). The Bank's commercial name is Piraeus Bank. The duration of the Bank as determined by its Articles of Association has been extended to terminate on 6 July 2099.

Piraeus Bank is the flagship company of the Piraeus Bank Group of Companies (the "Group", the "Piraeus Bank Group" or the "Piraeus Group") and the ultimate parent of the majority of the subsidiaries comprising the Piraeus Group.

Piraeus Bank is a universal bank and leads a group of companies covering all types of financial and banking activities in the Greek market. Piraeus Group possesses particular know-how in the areas of small and medium-sized enterprises ("SMEs"), retail banking, corporate banking, project finance, leasing, capital markets and investment banking and provides services in asset management bancassurance. After the acquisition of ATEbank, Piraeus Bank became the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer great potential for deposit gathering and cross selling. Piraeus Bank offers services through a nationwide network and also through the electronic banking network winbank ("Winbank"). The latter offers a full set of services through four different distribution channels: the internet, mobile phones, a call centre and ATMs. The excellent level of service provided by Winbank has attracted a significant number of awards and distinctions.

Both Piraeus Bank and the Piraeus Group, as a whole, have developed significantly over the last 20 years, through both organic growth and acquisitions, and Piraeus Bank is now the largest bank in Greece in terms of assets, loans and deposits.

Since July 2012, Piraeus Bank has acquired five banking businesses in Greece and one in Cyprus, against the backdrop of the ongoing restructuring and consolidation of the Greek banking sector. The acquisitions, which include the following transactions, have significantly expanded Piraeus Bank's operations:

- (i) in July 2012, the acquisition of selected assets (including only loans and advances to customers which were performing as at the acquisition date) and the related liabilities of ATEbank, but not the entire entity itself (the "ATEbank Acquisition");
- (ii) in December 2012, the acquisition of Geniki Bank S.A., Société Générale's Greek subsidiary (the "Geniki Acquisition");
- (iii) in March 2013, the acquisition of all deposits loans and branches of the Greek operations of three Cyprus-based banks, namely Bank of Cyprus, Cyprus Popular

Bank and Hellenic Bank (the “Cypriot Banks”), including the loans and deposits of the subsidiaries of these banks in Greece ( “the Cypriot Acquisitions”);

- (iv) in June 2013, the acquisition of Millennium Bank Greece (“MBG”), the Greek subsidiary of Banco Comercial Portugues S.A., Portugal’s largest bank (the “MBG Acquisition”);
- (v) in April 2015, the acquisition of the “good” part of Panellinia Bank, contributing to the further consolidation of the Greek banking system,

collectively referred to as the “Acquisitions” and the acquired entities or assets and liabilities of specified activities collectively referred to as the “Acquired Businesses”.

In terms of international presence, Piraeus Bank Group is active in five countries of the broader region of south eastern Europe (“SEE”) (i.e. Albania, Bulgaria, Romania, Serbia and Ukraine), while it is also present in the financial centres of London and Frankfurt. At 31 December 2016, Piraeus Bank Group had a network of 921 branches (660 in Greece and 261 abroad) and employed 18,075 people, while its total assets amounted to €81.5 billion. As at 31 March 2017 the Group operated a network of 911 branches (649 in Greece and 262 abroad) and had a workforce of 17,641 employees, while its total assets amounted to €76.6 billion.

The share capital of the Bank as at 31 December 2016 amounted to €2,619,954,984, which consists of 8,733,183,280 ordinary registered voting shares, with a par value of €0.30 each.

As from 1 January 2005, Piraeus Bank prepares all its financial statements under the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU”). The auditors of the annual financial statements for the fiscal year from 1 January 2016 to 31 December 2016 were PricewaterhouseCoopers S.A., while the auditors of the annual financial statements for the fiscal year from 1 January 2017 to 31 December 2017 are Deloitte Certified Public Accountants S.A. The unaudited consolidated interim condensed financial information for the three-month period ended 31 March 2017 has been prepared in accordance with International Accounting Standard 34.

## **2. Strategy**

Piraeus Bank Group maintains a prominent position in the Greek banking market and has assumed a key role for the reconstruction of the Greek economy as the leading lending provider with a 30 per cent. market share<sup>3</sup>.

With its strong capital base, Piraeus Bank seeks to contribute actively in providing financing to businesses and households whilst maintaining its position as a specialised financial services provider to SMEs.

The first quarter of 2017 presented several challenges for the domestic financial and banking environment. The anticipated reforms of Greece's economic support programme are expected to accelerate the recovery and restructuring of the economy, while most international and institutional bodies are estimating a positive GDP growth rate in 2017. The successful conclusion of the second review of the Third Economic Adjustment Programme is expected to have a positive influence on the restoration of confidence in the Greek economy.

Piraeus Bank’s new Chief Executive Officer, Christos Megalou, announced in late May 2017 the Bank’s strategic plan entitled “Agenda 2020”, aiming to make Piraeus Bank the most trustworthy bank in Greece by 2020, creating value for shareholders, customers and employees.

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<sup>3</sup> Source: Market data Bank of Greece and Financial Year 2016 financial statements for banks

Agenda 2020 aims to set distinct strategic priorities in the medium-term that will enhance the confidence of shareholders, customers and employees in the prospects of Piraeus Bank. Thus Piraeus Bank will be able to meet the major challenge of substantially supporting the recovery of the Greek economy.

Agenda 2020 is based on the following key goals and objectives:

- reduce NPLs and NPEs to internationally accepted levels according to the EBA “Risk Dashboard”;
- create a profitable and sustainable business model, with attractive returns for shareholders over the medium-term;
- maintain a strong capital base; and
- re-establish wholesale market funding access.

Agenda 2020 comprises six specific strategy enablers:

- (i) De-risk the balance sheet, to be achieved by separating the Group into two operating pillars to maximise value from the core businesses of the Group and focus on realising value from legacy holdings. With this division, Piraeus Bank aims to streamline its operations and enhance organic capital generation.

The two pillars are:

- (a) Piraeus Bank, which will focus on the competitive advantages of its core domestic customer business, currently having risk weighted assets of €28.4 billion. It will focus on financing healthy borrowers, while aiming to maintain its leading market position in customer deposits. Piraeus Bank will remain a prominent SME and corporate bank, along with increased generation of retail loan products under a risk-adjusted approach.
- (b) Piraeus Legacy Unit (“PLU”), comprising of non-core assets that also include attractive long-term businesses with strong market positions that, nonetheless, do not meet the targeted return profile of the Group. A dedicated management team will seek to maximise value by executing value-generating disposals or pursuing additional transformational opportunities. These businesses and assets will initially include the Recovery Banking Unit (“RBU”) loans, stakes in non-core domestic assets, repossessed real estate properties and international operations included in the Bank’s restructuring plan. Total risk weighted assets of PLU currently equal €24.7 billion.

By 31 December 2020, the Group is aiming to reduce its total assets to around €70 billion, with Piraeus Bank making a contribution of over 80 per cent. of core assets (currently its contribution is around 65 per cent.). Agenda 2020 also envisages PLU loans and advances to customers decreasing from €37 billion (as at the date of this Offering Memorandum) to below €20 billion, with PLU risk weighted assets reducing by around half (€25 billion as at the date of this Offering Memorandum). The Group also hopes to increase its cost-to-income ratio (to around the mid-forties).

- (ii) Resize and focus by conducting a disciplined review of all existing businesses, in order to maximise resources deployed in the areas that Piraeus Bank has held historically a dominant position. This will include a simplified group structure and effective cost rationalisation measures, as well as further optimisation of the Group’s branch network and targeted investments in digitalisation.

- (iii) Implement a profitable and sustainable business model, leveraging existing valued core client relationships, and focusing on greater cross-selling opportunities, as well as fee-generative activities. Piraeus Bank aims to continue developing innovative products, marketing to selected customer segments through a multi-channel distribution strategy, while deploying a targeted and risk-based credit policy, and implementing advanced risk-based pricing methodologies to ensure sustainably attractive returns on its core operations.
- (iv) Optimise capital allocation through the implementation of a risk appetite framework that includes a portfolio-based approach to capital allocation. Piraeus Bank plans to maintain a well-capitalised balance sheet, able to withstand unexpected external shocks, yet still provide superior returns to its shareholders.
- (v) Strengthen risk monitoring and controls. Piraeus Bank places particular emphasis on effective monitoring and risk management, with a view to maintaining the stability and continuity of its operations. Piraeus Bank will further strengthen its support and control functions (Audit, Compliance, Credit Risk, Finance, Legal and Operational Risk Management) consistent with the three lines of defence principle.
- (vi) Adopt superior governance standards. Piraeus Bank has already executed on specific requirements of the HFSF law, and has updated its corporate governance procedures in line with both the RFA and Piraeus Bank's restructuring plan. The Bank has also concluded the re-composition of its Board of Directors, while ensuring uninterrupted Board and Committee meetings. Piraeus Bank now has a Board of Directors with well-esteemed international members, who bring with them significant, diverse experience in banking, risk, and NPL management.

Agenda 2020 establishes a clear set of strategic priorities that, in conjunction with focused and effective execution, will provide a clear and visible path to a full recovery for Piraeus Bank.

Neither Piraeus Bank nor any other member of Piraeus Group has entered into any contract outside the ordinary course of its business which could result in any Piraeus Group member being under an obligation or entitlement that is material to Piraeus Bank's ability to meet its obligations to the holders of Notes under the Programme.

### **3. Piraeus Bank Group Organisational Structure**

The Greek financial services sector has historically been characterised by the presence of specialised companies established around a principal bank. In a similar manner, the Piraeus Bank Group is comprised of Piraeus Bank and its subsidiaries. Piraeus Bank is not dependent upon any other entities within the Group. The following diagram summarises the divisional structure of the principal direct and indirect subsidiaries of the Piraeus Bank as at 31 March 2017:

Piraeus Bank  
Group

| Commercial Banking                                  | Investment Banking | Asset Management                            | Bancassurance                           | Non-Financial Companies            |
|-----------------------------------------------------|--------------------|---------------------------------------------|-----------------------------------------|------------------------------------|
| Tirana Bank S.A. (99%)                              | Piraeus Securities | Piraeus Asset                               | Piraeus Insurance &                     | Piraeus Direct Solutions           |
| Piraeus Bank Romania S.A. (100%)                    | S.A. (100%)        | Management Mutual Funds S.A. (100%)         | Reinsurance Brokerage S.A. (100%)       | S.A. (100%)                        |
| Piraeus Bank Beograd A.D. (100%)                    |                    | Piraeus Asset Management Europe S.A. (100%) | Piraeus Insurance Agency S.A. (100%)    | Piraeus Real Estate S.A. (100%)    |
| Piraeus Bank Bulgaria A.D. (100%)                   |                    | Piraeus Group Capital LTD (100%)            | Piraeus Insurance Brokerage EOOD (100%) | Picar S.A. (100%)                  |
| JSC Piraeus Bank ICB (100%)                         |                    | Piraeus Group Finance PLC (100%)            |                                         | ETVA Industrial Estates S.A. (65%) |
| Piraeus Leasing S.A. (100%)                         |                    |                                             |                                         |                                    |
| Cyprus Leasing S.A. (100%)                          |                    |                                             |                                         |                                    |
| Piraeus Factoring S.A. (100%)                       |                    |                                             |                                         |                                    |
| Piraeus Leasing Romania IFN S.A. (100%)             |                    |                                             |                                         |                                    |
| Piraeus Leasing DOO Beograd (100%)                  |                    |                                             |                                         |                                    |
| Olympic Commercial & Tourist Enterprises S.A. (94%) |                    |                                             |                                         |                                    |

#### 4. Ownership of Piraeus Bank

The shareholder structure of Piraeus Bank is diverse. The total number of the Bank's common shareholders was approximately 83,000 as at 31 March 2017. The HFSF controlled 26 per cent. of the outstanding ordinary shares (8,733,183,280 of a nominal value €0.30 each) and the remaining 74 per cent. was held by shareholders in the private sector and in particular 67 per cent. were institutional investors and legal entities, whereas 7 per cent. were individuals. More specifically, the HFSF, as of 31 March 2017, held 37,759,281 registered shares with limited voting rights, namely 0.43 per cent. of Piraeus Bank's total share capital and 2,269,749,019 shares with full voting rights, namely 25.99 per cent. of Piraeus Bank's total share capital.

#### 5. Management of Piraeus Bank

The General Meeting of the Shareholders is the ultimate governing body of Piraeus Bank entitled to elect the Board of Directors (the "Board of Directors" or "BoD").

The current BoD is composed of 11 members, including the representative of the HFSF, in accordance with the applicable provisions of Greek law including Law 3864/2010, as in force. The Board of Directors consists of executive and non-executive members. Executive members are those engaged in the daily management of the Bank whilst non-executive members are those entrusted with the promotion of corporate affairs generally. Five of the non-executive members must also be independent.

The foremost obligation and duty of the BoD members is to constantly seek to enhance the long-term financial value of the Bank and act in the general corporate interest of the Bank. The BoD members, as well as any third party entrusted with competencies of the BoD, are prohibited to pursue own interests contrary to those of the Bank. The independent non-executive members of the BoD may, severally or jointly, submit separate reports and accounts from those of the BoD to the ordinary or extraordinary General Meeting of the Bank, as required.

The mandate of the Board of Directors is three years, and its members are elected by the general meeting of Shareholders. The latter validates any resignation or replacement of Board members during any accounting period. The members of the Board of Directors may always be re-elected. The Board of Directors meets at least once a month following an invitation of the Chairman or its deputy; during the meetings minutes are kept which are signed by the Chairman, or the Vice-Chairman, or the Managing Director or the Executive Director, and by the Secretary of the BoD. The BoD members are allowed to receive a fee which is defined by special resolution of the ordinary General Meeting.

Following the redemption of the Pillar II bonds by Piraeus Bank on 28 April 2016, Piraeus Bank no longer has any reliance on Greek Law 3723/2008, as in force, and therefore, it is no longer subject to the restrictions of the relevant support scheme, that required, among other things, the appointment of one representative of the Hellenic Republic in its Board of Directors.

On 28 June 2017 Piraeus Bank announced its new Board of Directors (including designation of executive and non-executive members, in accordance with Law 3016/2002, as in force), which was elected by the Ordinary General Meeting of Shareholders held on such day.

The composition of Piraeus Bank's Board of Directors is as follows:

#### **Non-Executive Chairman of the Board**

- George Handjinicolaou, father's name Peter

#### **Vice-Chairman**

- Karel De Boeck, father's name Gerard, Vice Chairman, Independent Non-Executive Member

#### **Executive Board Members**

- Christos Megalou, father's name Ioannis, Managing Director (Chief Executive Officer)
- Ilias Milis, father's name Dimitrios, Executive Director

#### **Independent Non-Executive Board Members**

- Venetia Kontogouri, father's name Gerasimos, Independent Non-Executive Member
- Arne Berggren, father's name Sten, Independent Non-Executive Member
- Enrico Tomasso Cucchiani, father's name Clemente, Independent Non-Executive Member
- David Hexter, father's name Richard, Independent Non-Executive Member

#### **Non-Executive Board Members**

- Solomon Berahas, father's name Albert, Non-Executive Member
- Alexander Blades, father's name Zisis, Non-Executive Member

The following person also participates in the Board of Directors:

- Aikaterini Beritsi, father's name Konstantinos (HFSF Representative under Greek Law 3864/2010, as in force)

Other than as disclosed above, no Executive Member, Non-Executive Chairman, Non-Executive Vice Chairman, or Non-Executive Member has any activities outside Piraeus Bank which are significant with respect to Piraeus Bank.

Piraeus Bank is not aware of any potential conflicts of interest between the duties towards Piraeus Bank of the persons listed above and their private interests or other duties.

The business address of each person identified above is 4 Amerikis Street, 10564 Athens, Greece.

## **6. Activities of the Piraeus Bank Group**

The Piraeus Bank Group, either through the Bank or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients.

More specifically, Piraeus Bank Group has defined the following business segments:

**Retail Banking** – This segment includes the retail banking operations of the Bank and its subsidiaries, which are addressed to retail customers, as well as to SMEs (deposits, loans, working capital, imports-exports and letters of guarantee etc.).

**Corporate Banking** – This segment includes facilities related to corporate banking, provided by the Bank and its subsidiaries, addressed to large and maritime companies, which due to their specific needs are serviced centrally (deposits, loans, syndicated loans, project financing, working capital, imports-exports and letters of guarantee etc.).

**Investment Banking** – This segment includes activities related to the investment banking operations of the Bank and its subsidiaries (investment and advisory services, underwriting services and public listings and stock exchange services etc.).

**Asset Management and Treasury** – This segment includes asset management facilities for clients of the Group and on behalf of the Group (wealth management facilities, mutual funds management and treasury).

**International Banking** – This segment includes Piraeus Bank Group's international network, which consists of five banks in Southeast Europe and two branches in London and Frankfurt.

**Other segments** – Other segments include other facilities of the Bank and its subsidiaries that are not included in the above segments (the Bank's administration and real estate activities etc.).

### **6.1. Retail Banking**

Piraeus Bank Group's domestic operations in retail banking are conducted through the Bank and its branch network, as well as through digital service channels. The Bank's retail banking customer segments such as mass retail, affluent banking and small business banking are offered a wide range of different types of deposit, credit and investment products, including savings or current accounts, time deposits, investment products, consumer loans and mortgages, credit cards, insurance products and insurance brokerage, as well as a wide spectrum of banking services.

#### *6.1.1. Deposit Products*

Despite initial estimates for deterioration of confidence in the Greek economy in 2016, the conclusion of the first review for the Third Economic Adjustment Programme and the relaxation of

capital restrictions (such as the increase of the maximum amount of weekly cash withdrawals and cash withdrawals out of funds coming from international accounts, the opening of certain new bank accounts and the re-investment of certain funds by specific financial institutions) positively influenced the economic climate, which allowed the system to recapture part of the funds it had lost since November 2014 in the second half of 2016, at a slow but steady pace. Throughout 2016, Piraeus Bank implemented a detailed plan for recovering its deposit base, focusing on the recovery of outflows. The Bank's efforts were temporarily put on hold in the first quarter of 2017 as the Greek economy experienced headwinds stemming from the prolonged negotiations on the Greek debt and the second review amongst EU institutions. The Eurogroup Summit meeting that followed on 15 June 2017 had a positive outcome as it approved the disbursement of €8.5 billion and provided more clarity on potential debt relief measures for Greece. These recent developments have helped to ease the uncertainty witnessed since the beginning of the year and constitute a major step forward in the continued recovery of the Greek economy in 2017.

Deposits due to customers of the Group decreased to €41.0 billion as at 31 March 2017 from €42.4 billion as at 31 December 2016, while as at 31 December 2015 deposits due to customers amounted to €39.4 billion. The deposits due to customers relating to the Group's international activities as of 31 March 2017 amounted to €2.9 billion, a slight decrease from €3.0 billion as at 31 December 2016 up from €2.8 billion as at 31 December 2015. The Group's deposits due to customers in Greece as at 31 March 2017 decreased to €38.0 billion compared to to €39.3 billion as at 31 December 2016 when it increased from €36.5 billion as at 31 December 2015.

| <b>Deposits (on a consolidated basis)</b><br><b>Amounts in EUR million</b> | <b>31 March</b> | <b>31 December</b> |               |
|----------------------------------------------------------------------------|-----------------|--------------------|---------------|
|                                                                            | <b>2017</b>     | <b>2016</b>        | <b>2015</b>   |
| Savings deposits.....                                                      | 14,294          | 14,995             | 15,249        |
| Sight and other deposits .....                                             | 10,676          | 11,190             | 9,532         |
| Term deposits .....                                                        | 15,990          | 16,179             | 14,577        |
| Total customer deposits and retail bonds.....                              | <u>40,960</u>   | <u>42,365</u>      | <u>39,358</u> |

#### 6.1.2. *Loans to individuals*

| <b>Loans to individuals</b><br><b>Amounts in EUR million</b> | <b>31 March</b> | <b>31 December</b> |               |
|--------------------------------------------------------------|-----------------|--------------------|---------------|
|                                                              | <b>2017</b>     | <b>2016</b>        | <b>2015</b>   |
| Consumer, personal and other loans .....                     | 6,118           | 6,274              | 6,806         |
| Mortgage loans .....                                         | 15,950          | 16,162             | 16,740        |
| Totals.....                                                  | <u>22,068</u>   | <u>22,435</u>      | <u>23,546</u> |

In the context of improving the quality of service to retail and mortgage customers, in 2016 and the beginning of 2017, the Bank implemented an optimisation programme for existing systems and processes, adopting quantitative and qualitative rules, in accordance with international quality standards.

Total loans to individuals in Greece, including mortgages, consumer and personal and other loans and credit cards amounted to €21.1 billion as at 31 March 2017, to €21.5 billion as at 31 December 2016 and €22.5 billion as at 31 December 2015 (representing 35 per cent. of the consolidated loan portfolio in Greece as at 31 March 2017, 34.12 per cent. as at 31 December 2016 and 35.21 per cent. as at 31 December 2015). The Group's loans to individuals amounted to €22.4 billion as at 31 December 2016 compared to €23.5 billion as at 31 December 2015, while as at the end of March 2017 the Group's loans to individuals amounted to €22.1 billion.

Mortgage loans in Greece amounted to €15.5 billion as at 31 March 2017 and €15.7 billion as at 31 December 2016, while as at 31 December 2015 mortgage loans in Greece stood at €16.2 billion.

The Group's consumer, personal and other loans and credit cards in Greece amounted to €5.6 billion as at 31 March 2017, to €5.8 billion as at 31 December 2016 and to €6.2 billion as at 31 December 2015.

2016 was a very important year for the credit card market in Greece, given the large increase in volume and value transactions, as a result of introducing "plastic" in the mind of the average consumer as a basic means of payment. More specifically for Piraeus Bank, credit card usage followed an upward trend compared to 2015, increasing by 34 per cent. in number of transactions and by 21 per cent. in volume of purchase transactions.

| <b>Consumer Credit (on a consolidated basis)<br/>Amounts in EUR million</b> | <b>31 March<br/>2017</b> | <b>31 December<br/>2016</b> | <b>2015</b> |
|-----------------------------------------------------------------------------|--------------------------|-----------------------------|-------------|
| Consumer Loans.....                                                         | 6,118                    | 6,274                       | 6,806       |
| Mortgage Loans.....                                                         | 15,950                   | 16,162                      | 16,740      |
| Totals.....                                                                 | 22,068                   | 22,435                      | 23,546      |

### 6.1.3. *Insurance Products and Insurance Brokerage*

Piraeus Insurance Agency S.A., together with Piraeus Insurance & Reinsurance Brokerage S.A., form the single arm of insurance mediation services, aimed at fully covering the insurance needs of the Group's customers. Piraeus Insurance Agency S.A. offers a broad range of general insurance and life insurance services and products, covering vehicle insurance, property insurance, third party civil liability, life and health insurance plans and policies, retirement and pension plans, personal accident cover, leisure craft insurance and legal protection plans and also engages in insurance and reinsurance brokerage activities for all types of insurance policies.

Piraeus Insurance and Reinsurance Brokerage S.A., a wholly-owned subsidiary of Piraeus Group, offers a complete range of insurance products and services for businesses, fully covering their insurance coverage needs. As at 31 December 2016, the total managed portfolio amounted to €287 million compared to €263 million as at 31 December 2015.

### 6.1.4. *Branch Network*

Piraeus Bank provides a wide range of banking services and products, which are offered through a nationwide network of branches.

Since May 2016 and following the implementation of planned actions aligned with the Bank's strategic goals, a retail banking transformation was launched with pilot actions being implemented in selected branches, aiming for:

- optimisation of branch operational efficiency;
- transition from traditional cash transactions towards digital networks;
- optimisation of branch network footprint; and
- increase of customer loyalty and efficiency, through actions boosting commercial activity at a branch level.

The results of the pilot actions were highly encouraging and full implementation by the entire branch network will be rolled out during 2017. In the context of optimising the branch network footprint and increasing efficiency, 49 branches were eliminated during 2016, resulting in a total of 660 branches at 31 December 2016 compared to 31 December 2015 when there were 709 branches. At 31 March 2017, the Bank operated 649 branches in Greece.

Piraeus Bank Group possesses an international presence mainly in South eastern Europe. At 31 March 2017, the Bank operated 262 branches abroad, while at 31 December 2016, the international network amounted to 261 branches compared to 31 December 2015 when there were 280 branches).

Additionally, at the end of 2016, Piraeus Bank was the first bank to launch into the Greek market a new model of a fully automated e-branch offering a range of full service banking transactions, in three locations in the region of Attica.

#### 6.1.5. Digital Banking

Piraeus Bank offers a full range of innovative solutions of digital products and services, such as Winbank web banking, Winbank mobile banking, Winbank apps and Winbank phone banking.

Winbank (the first integrated platform for web banking in Greece) with over 15 years of operation has become a strategic pillar for the future development of the Bank, as it has been repeatedly described by the Bank's management. Continuing the success of the previous years, in the past year Winbank e-banking and mobile apps received several awards, both domestically and internationally.

In 2016 Winbank's web service was radically redesigned and split into Winbank for Individuals and Winbank for Business, to cover the specific needs of different customer groups. The new Winbank is now the first fully responsive e-banking service in Greece. This means that it is accessible from all devices (computers, tablets or smartphones) without compromising functionality and user friendliness.

The number of registered Winbank users increased significantly during recent years and especially post capital controls imposition in Greece in mid-2015, a fact that resulted in a boost in all electronic payments in Greece. Winbank users accounted for a significant percentage of the Bank's total customers in Greece as at the end of 2016. More specifically, Winbank subscribers for internet – phone – mobile services stood at 1.4 million individuals and approximately 83,000 legal entities at 31 March 2017.

## 6.2. Corporate Banking

### 6.2.1. Corporate & SMEs

In Greece, Piraeus Bank Group historically holds a strong position in providing financing services to businesses operating in all sectors of the economy. It offers a wide range of deposit and funding products to businesses, including financial and investment advisory services and loans (in euro and other currencies), foreign exchange services, insurance products, custodial services and import/export services, through its branch network, large corporate and structured finance division, business centres, shipping banking division, subsidiary banks and subsidiary leasing and factoring companies.

| <b>Loans to corporate entities</b> | <b>31 March</b> | <b>31 December</b> |               |
|------------------------------------|-----------------|--------------------|---------------|
| <b>Amounts in EUR million</b>      | <b>2017</b>     | <b>2016</b>        | <b>2015</b>   |
| Large Enterprises.....             | 17,968          | 19,407             | 18,664        |
| SMEs.....                          | 23,751          | 24,806             | 25,861        |
| Total.....                         | <u>41,719</u>   | <u>44,213</u>      | <u>44,525</u> |

As per the Greek operations of the Group, total loans and advances to businesses in Greece amounted to €39.1 billion as at 31 March 2017 and €41.5 billion as at 31 December 2016 compared to €41.4 billion as at 31 December 2015.

## *Leasing*

Leasing activities are conducted through the Bank's subsidiaries, Piraeus Leasing S.A. and Cyprus Leasing S.A., which engage in financial leasing of immovable property, machinery, professional vehicles and other types of assets.

In 2016, new operations amounted to €93 million compared to €53 million in 2015, while the leased assets of financial and commercial leasing for Piraeus Leasing alone amounted to €992 million, while the sum of the managed portfolios (Piraeus Leasing, Cyprus Leasing, Cyprus Popular Bank Asset Management) amounted to €2.3 billion.

## *Factoring*

Piraeus Factoring S.A., a wholly-owned subsidiary of Piraeus Bank, provides the full range of import and export factoring services to businesses by financing their accounts receivables, ensuring the efficient management and ongoing assessment of the solvency of existing or new ventures and providing credit risk insurance coverage.

### *6.2.2. Green Banking*

In the last few years, there has been a significant shift in the way businesses operate, moving away from traditional forms of investments. This has resulted in the emergence of green entrepreneurship as a distinct sector of economic development.

The Group actively supports all of the key sectors of green entrepreneurship in response to challenges and requirements relating to climate change. Since 2006, the Group has offered specially designed "green banking" products to support various areas of the environmental and renewable energy business sectors. The areas actively promoted by the Bank since 2009 are renewable energy sources, energy saving, proper water and waste management, organic farming, agro-tourism, eco-tourism, green transport and green chemistry.

As at 31 March 2017, approved credit limits stood at €1.8 billion and loans and advances to customers balances in relation to these business sectors stood at €1.1 billion, while at 31 December 2016, the respective figures stood at over €1.7 billion and €1.1 billion and additionally at 31 December 2015 they were €1.6 billion and €1.3 billion respectively.

### *6.2.3. Agricultural Banking*

Piraeus Bank, as the leading bank of the agricultural sector, has strategically chosen an integrated approach to providing banking services and financing throughout the agrifood sector, encouraging the creation of synergies and supporting the whole supply chain, from the producer and suppliers of goods and services to the businesses and the cooperatives that process, trade and export the agricultural produce. Piraeus Bank provides targeted financing and quality services of high added value to every link of the chain as well as solutions to all its customers.

With the main objective of serving the needs of the rural world and providing high quality products and services, the Bank continues to support this primary sector of the Greek economy and to prioritise its development. As at 31 March 2017 total financing facility to the agricultural sector, such as farmers and cooperatives, was at €1.5 billion.

## **6.3. Investment Banking**

Piraeus Bank has a significant presence in the capital markets of Greece and has acquired a large share of the securities underwriting market. Piraeus Bank is one of the leading advisory institutions on initial public offerings and among the major underwriters in the Greek market. Piraeus Bank has also developed a strong presence in the areas of syndicated loan arrangements and bond

issuances and offers consulting services for capital restructuring, company valuation, mergers and acquisitions and special financing for corporate clients.

Piraeus Bank and certain subsidiaries offer a wide range of capital markets and advisory services, including corporate finance advisory services, underwriting, equity and debt financing, stock brokerage, custodian services and wealth management. Piraeus Bank is also active in derivatives transactions in all major international capital markets.

Piraeus Bank continues to participate in projects of privatisation, acquisitions, mergers and capital increases. Specifically, in 2016 Piraeus Bank in its capacity as financial advisor to the Hellenic Republic Asset Development Fund, successfully completed the most significant privatisations in the country that year, such as the sale of Piraeus Port Authority SA and of Astir Palace Hotel in Vouliagmeni. In 2016, as financial advisor to the Hellenic Republic Asset Development Fund, Piraeus Bank successfully completed the sale of important real estate abroad in locations including New York, Washington and Ljubljana, and submitted proposals for the development and utilisation of ten ports to the relevant ten port organisations. At the same time, it continued to act as a financial advisor to the Hellenic Republic Asset Development Fund on other important privatisation projects, such as the sale of Thessaloniki Port Authority SA, the utilisation of the grounds of the former Athens Airport (Ellinikon) and the development of real estate in the Afandou region in Rhodes. In the private sector, Piraeus Bank successfully provided consulting services to clients of various sectors of the economy such as fish farming (through Selonda Aquaculture SA) and real estate (through Trastor REIC), while it also provided financial advisory services to the board of Kleemann Hellas SA in the mandatory public offer for the acquisition of its shares by MCA Orbital Global Holding Ltd.

#### 6.3.1. *Piraeus Securities S.A.*

Piraeus Securities S.A. is the Group's brokerage arm and, upon its establishment in 1990, was one of the first securities firms to become a member of the ATHEX. The main activities of Piraeus Securities S.A. include intermediation services for the purchase and sale of Greek and foreign shares, derivative products and government and corporate bonds. In the area of derivatives, Piraeus Securities S.A. was the first stock brokering company to operate in Greece. Piraeus Securities S.A.'s network involved in stock exchange operations includes two branches (at Thessaloniki and Patras) and other associated brokerage offices. It also cooperates with most Greek and foreign institutional investors operating in Greece.

### **6.4. Asset Management and Treasury – Piraeus Financial Markets**

Piraeus Financial Markets ("PFM") is responsible for the effective management of the Group's liquidity in order to optimise the financing of the Group's operations.

At the same time, after the operational consolidation of the divisions specialising in the money and capital markets, PFM is the central hub providing investment products and services to the Bank's customers. As a result, the Bank benefits from the maximum use of synergies and economies of scale, as well as offering a holistic approach to customers.

PFM constitutes the basic point of access for the Bank's customers to the international money and capital markets, offering a wide range of investment products and services, as well as specialised solutions on asset and liabilities management and hedging for companies with competitive pricing.

Whilst aiming to enhance the corporate image of private banking and to promote the high level of services offered and the values that govern its operation, a new corporate identity was created, with the adoption and application of a new logo. A series of promotional initiatives followed, with informative presentations, a brochure publication and advertising in magazines amongst other things.

In December 2016, five new Piraeus sub-funds were set up by Piraeus Asset Management Europe (“PAME”), a Luxembourg-based subsidiary of the Group, and launched by the branch network. In particular, PAME has enriched its fund with three new international funds of funds, corresponding to all risk profiles (conservative, balanced, aggressive) and two new liquidity funds (Enhanced Liquidity EUR and Enhanced Liquidity USD), now owning seven mutual funds. Apart from its management by the specialised executives of Piraeus Asset Management Mutual Fund, it is worth noting that the key advantage for the final customer-investor is the issue of registered shares directly in a Luxembourg institution.

Regarding the provision of asset management services, Piraeus Asset Management Mutual Fund is now active in the management of individual Sub-Funds (UCITS), 21 in Greece and seven in Luxembourg, as well as in portfolio management services for private and institutional clients, with a significant market share. Indicative of the specialised knowledge and experience of asset managers of Piraeus Asset Management Mutual Fund is the fact that 22 out of the 28 mutual funds managed had a positive return in 2016, while all institutional portfolios outperformed the corresponding benchmark as at 31 December 2016, reinforcing both customer confidence and company revenue.

Piraeus Bank has approximately 39,000 client portfolios with €2.5 billion assets under management through its third party funds distribution agreements and its own asset management company. The total mutual funds under management as at 31 December 2016 amounted to €748.3 million, of which about €349.5 million involved 28 mutual funds, offering access to the domestic and international markets based in Greece and Luxembourg. The 2016 trend was correlated with the growth trajectory of the Greek economy, the outcome of the negotiations with the EU, IMF, ECB and ESM and the reduction of disposable income of the average Greek investor

## **6.5. International Banking**

As far as international activities are concerned, Piraeus Group has international presence in seven countries, four of which are EU Members (Bulgaria, Germany, Romania and the UK) and three of which are non-EU Members (Albania, Serbia and Ukraine). Apart from the banks operating in these countries, Piraeus Group has a number of subsidiaries in all of its countries of presence, which offer specialised financial services (leasing, insurance and investment services and real estate), however it is noted that their activities are downsizing in line with the Group’s restructuring plan commitments for international de-leveraging and focus on core banking business.

As at 31 March 2017 the Group’s international network comprised 262 branches, compared with 31 December 2016 when it comprised 261 branches and December 2015 when it comprised 280 branches.

As at 31 March 2017, the total loans and advances to customers portfolio originating from international operations amounted to €3.6 billion and deposits due to customers amounted to €2.9 billion. As at 31 December 2016, the total loans and advances to customers portfolio originating from international operations amounted to €3.7 billion and deposits due to customers amounted to €3.1 billion. As at 31 December 2015 the total loans and advances to customers portfolio originating from international operations amounted to €4.1 billion and deposits due to customers amounted to €2.8 billion.

As at 31 March 2017, international activities accounted for 7 per cent. of total assets, 29 per cent. of the branch network and 20 per cent. of human resources. As at 31 December 2016, international activities accounted for 7 per cent. of assets, 28 per cent. of the branch network and 20 per cent. of human resources.

The table below provides information on loans and advances to customers, deposits due to customers, branches and employees for the Group’s international operations as at 31 March 2017, 31 December 2016 and 31 December 2015.

| (€ in millions)                      | As at 31 | As at       |       |
|--------------------------------------|----------|-------------|-------|
|                                      | March    | 31 December |       |
|                                      | 2017     | 2016        | 2015  |
| Loans and advances to customers..... | 3,571    | 3,650       | 4,149 |
| Deposits due to customers.....       | 2,924    | 3,043       | 2,810 |
| Branches .....                       | 262      | 261         | 280   |
| Employees.....                       | 3,588    | 3,583       | 3,680 |

#### 6.5.1. Piraeus Bank Romania

Piraeus Bank Romania S.A. was established in 2000 to cover the needs of Greek enterprises operating in Romania, but soon extended its operations, providing a full range of banking services to local businesses and households. As a result, its bank network grew, comprising 101 branches as at 31 March 2017.

During 2016, Piraeus Bank Romania focused on restructuring its branch network by closing 19 branches, on reducing its total assets but increasing deposits and on maintaining its low NPL ratio.

As at 31 March 2017, deposits due to customers amounted to €934 million, and as at 31 December 2016, deposits due to customers amounted to €963 million, compared to €853 million as at 31 December 2015. The Group's loans and advances to customers before allowance for impairment on loans and advances to customers in Romania amounted to €780 million as at end March 2017 and €797 million as at 31 December 2016, compared to €835 million as at 31 December 2015.

#### 6.5.2. Piraeus Bank Bulgaria

Piraeus Bank Bulgaria A.D. started operating in 1993, when a branch was set up in Sofia, making it the first foreign bank established in Bulgaria. It offers extensive geographical coverage of the country and is one of the major banks in Bulgaria. As at 31 March 2017 it had 76 branches compared to 75 branches at 31 December 2016.

As at 31 March 2017, deposits due to customers amounted to €1,077 million and as at 31 December 2016 deposits due to customers amounted to €1,106 million, compared to €1,040 million as at 31 December 2015, whereas loans and advances to customers before allowance for impairment on loans and advances to customers amounted to €876 million as at 31 March 2017 and to €914 million as at 31 December 2016 compared to €1,080 million as at 31 December 2015.

#### 6.5.3. Piraeus Bank Beograd

Piraeus Bank entered the Serbian market in 2005 with the acquisition of Atlas Bank, later renamed Piraeus Bank Beograd AD. On each of 31 March 2017 and on 31 December 2016 it had a network of 26 branches and provided a broad range of banking products to individuals and businesses.

As at 31 March 2017, deposits due to customers amounted to €247 million, while as at 31 December 2016, deposits due to customers amounted to €265 million compared to €249 million as at 31 December 2015. loans and advances to customers before allowance for impairment on loans and advances to customers amounted to €364 million as at 31 March 2017 and €365 million as at 31 December 2016 compared to €361 million as at 31 December 2015.

In 2016, the Bank continued its efforts to improve the quality of its loans and advances to customers portfolio, undertaking a more active management of NPEs and turning towards high yield customers, especially in retail banking.

#### 6.5.4. Tirana Bank

Tirana Bank started its operations in Albania in September 1996 and was the first private bank to operate in the country. As at 31 March 2017, its network consisted of 39 branches. Tirana Bank is placed among the top banks in Albania.

During 2016 Tirana Bank preserved its total assets and deposits due to customers at the same levels, maintaining particularly high levels of liquidity, which in part is returned to the parent (Piraeus Bank). Profitability before taxes and provisions remained at the same level as the previous year.

As at 31 March 2017, deposits due to customers amounted to €452 million, while as at 31 December 2016 they amounted to €466 million compared to €460 million as at 31 December 2015. Loans and advances to customers before allowance for loan losses amounted to €217 million as at 31 March 2017 and €228 million as at 31 December 2016, compared to €271 million as at 31 December 2015.

#### 6.5.5. *JSC Piraeus Bank ICB*

Piraeus Bank began activities in the Ukraine in late 2007 with the acquisition of the local bank International Commerce Bank ICB. As at each of 31 March 2017 and 31 December 2016, the network of JSC Piraeus Bank ICB included 18 branches across the country.

Piraeus Bank's operations in Ukraine are declining, as fiscal and political instability in the country impose the need to reduce size and shift from traditional retail banking to alternative service channels, offering high quality services to customers. Despite this, JSC Piraeus Bank ICB has managed to be profitable after taxes.

Loans and advances to customers before allowance for impairment on loans and advances to customers amounted to €68 million as at 31 March 2017, to €70 million as at 31 December 2016 and to €115 million as at 31 December 2015. As at 31 March 2017, deposits due to customers amounted to €47 million. Deposits due to customers increased to €60 million as at 31 December 2016 from €52 million as at 31 December 2015.

#### 6.5.6. *Piraeus Bank Branches – London & Frankfurt*

##### *London*

Piraeus Bank has had a presence in London since 1999. The London branch specialises in:

- personal banking and the provision of specialised deposit products;
- provision of mortgage loans to Greek and British nationals residing in the UK who are mainly interested in acquiring real estate property in Greece, Great Britain and other countries where Piraeus Bank Group is present; and
- supporting the operations of Piraeus Bank and its subsidiaries.

##### *Frankfurt*

The Frankfurt branch was integrated into the Piraeus Bank Group after the first half of 2012, with the acquisition of the “healthy” part of former ATEBank. The Frankfurt branch represents the only presence of a Greek bank in Germany and it is regulated by the German regulatory authorities as an autonomous business unit. The branch offers deposit products, web banking, letters of guarantee, domestic and foreign payments and remittances, while focusing on attracting deposits from Greek customers.

## **6.6. Other Segments**

### *6.6.1. Picar S.A.*

The company has undertaken the development and use of the 65,000 m<sup>2</sup> City Link complex until 2052. The City Link complex, managed by Picar S.A., covers the building block between Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens. City Link is home to Piraeus Bank's headquarters, which occupy an area of 13,000 m<sup>2</sup>, to the Attica Department Store, which covers an area of 25,000 m<sup>2</sup>, and to various fully renovated department stores, theatres and restaurants. Picar S.A. also has a 5.88 per cent. ownership stake in Attica Department Stores S.A., which is active in managing and operating the multi brand store Attica in Athens, Attica Golden and Attica The Mall in Maroussi and Attica Mediterranean Cosmos and Attica Tsimiski in Thessaloniki.

### *6.6.2. ETVA Industrial Estates S.A.*

ETVA Industrial Parks SA was founded in 2003 following the carve-out of the industrial parks sector from ETVAbank, during its acquisition from Piraeus Bank. Piraeus Bank has a 65 per cent. participation and the Greek state holds a 35 per cent. stake.

The company's main scope of activity is the design, development and use and management of Industrial Areas (Industrial Areas/VIPE - Industrial and Entrepreneurial Areas/VEPE - Small Business Park/VIOPA) and Business Parks (EP). ETVA Industrial Parks SA is the basic agent of industrial and professional real estate in Greece.

Today, ETVA Industrial Parks operates 26 industrial areas and industrial parks. Over 1,500 businesses operate in the company's areas of responsibility, with over 30,000 employees.

ETVA Industrial Estates S.A. revenues mainly come from the sale of land within the industrial areas owned by it, as well as management services such as water supply, sewage and biological purification. Furthermore, due to the significant experience in development project management, the company derives income from relevant services.

### *6.6.3. Piraeus Real Estate S.A.*

Piraeus Real Estate S.A. provides a full range of real estate design, development and management services. The company's main field of activity is the provision of integrated real estate services in real estate development, administration and management of project construction, integrated property management on behalf of owners and investors, advisory services on utilisation and management of real estate, investment advisory services to companies and capital investments in real estate, valuations and intermediation.

## **7. Risk Management**

Risk management is the focus of attention and a key concern of the management, as it is one of the key functions of the Group. The Bank's management, aiming for business stability and continuity, has as its top priority the constant development and implementation of an effective risk management framework, to mitigate any possible negative consequences of the Group's financial results and capital base.

The Board of Directors has full responsibility for the development and supervision of the risk management framework. The following internal structure and organisation contributes to our risk planning, monitoring, management and the assessment of capital adequacy in reference to the level and type of risks undertaken.

The Risk Management Committee ("RMC"), appointed by the Board of Directors in accordance with Bank of Greece's Act 2577/2006, with a mandate to effectively manage all types of risks

arising from the Group activities and ensure a consistent and uniform assessment and a specialised treatment thereof, as well as to coordinate operations on a Bank and Group level. The RMC is responsible for the clear definition of the risk management strategy and risk appetite. The RMC convenes, upon its Chairman's invitation, as many times as is considered necessary in order to accomplish its mission, but not less than once a month. Each member of the Committee may request the convocation of the RMC in writing for the discussion of specific issues.

The Asset-Liability Management Committee ("ALCO"), is responsible for implementing the strategic development of Group assets and liabilities, depending on the specific qualitative and quantitative data and developments in the business environment, to ensure high competitiveness and profitability, while maintaining the business risks undertaken at predetermined levels. The ALCO convenes at least monthly and examines market developments in conjunction with the financial risk exposures of the Group.

Since 2011 emphasis has remained on matters of liquidity management, with the aim of securing sufficient liquidity for the Group, given the extremely adverse conditions in the Greek and international markets.

Piraeus Group reviews the adequacy and effectiveness of the risk management framework on an annual basis, so as to respond to market dynamics, changes in products offered and the recommended international practices.

Group Risk Management is an independent administrative unit in relation to units of the Bank which have executive responsibilities, or responsibilities for making and accounting for transactions, and carries out the responsibilities of the Risk Management and Credit Risk Control Unit in accordance with the Bank of Greece's Act No 2577/2006 and the capital requirements directive (CRD IV). Group Risk Management is responsible for the design, specification and implementation of the Bank's policies on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities for all types of risks. The Group's Chief Risk Officer ("CRO") supervises Group Risk Management. For issues of responsibility he reports to the Chief Executive Officer ("CEO") and to the Risk Management Committee and/or through it, to the Bank's Board of Directors.

The Board of Directors appoints the CRO upon the recommendation of the Risk Management Committee and his appointment or replacement following the approval of the Risk Management Committee are communicated to the Bank of Greece. Group Risk Management is subject to review by the Group Internal Audit as to adequacy and effectiveness of risk management procedures.

Group Risk Management is composed of the following units: Credit Risk Management, Capital Management, Operational, Market and Liquidity Risk Management, Group Risk Coordination and Corporate Credit Control. The Group Risk Coordination is responsible for the coordination and harmonisation of the risk management framework, whereas Corporate Credit Control Unit independently assesses the quality and risk characteristics of the Group's business lending portfolio, by performing credit reviews on a sample basis, analysing the underwriting decision-making process and the ongoing portfolio management practices.

The Group has in place an officially approved Risk and Capital Strategy, which includes a Risk Appetite Framework. The Risk and Capital Strategy of the Group takes into consideration current conditions and Group commitments, provides guidelines and sets the basis for the definition and formation of a broad risk management culture, in line with the strategic plans with respect to supervisory expectations.

Group Risk Management systematically monitors the below mentioned risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

### 7.1. *Credit Risk Management*

The Group engages in activities that can expose it to credit risk. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Group and therefore effective monitoring and active management of credit risk constitutes a top priority for senior management. The Group's exposure to credit risk mainly arises from Corporate and Retail Credit, various investments, OTC transactions and other derivatives transactions. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the relevant counterparty's financial condition, amount, type and duration of the relevant exposure and the existence of any collaterals and/or guarantees.

The implementation of the credit policy, that describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. The Group applies a uniform policy and practice with respect to credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually and the responsible approval authorities are determined based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (the one obligor principle).

## 7.2. *Credit Risk Measurement and Monitoring*

Reliable credit risk measurement is a top priority within the Group's risk management framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to efficiently support management and the business units in relation to decision making, policy formulation and the fulfillment of supervisory requirements.

All corporate credit customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy.

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the Retail Banking portfolio covering different stages of the credit cycle. Piraeus Group places special emphasis on the adoption and implementation of up-to-date methods for credit risk monitoring and management. Retail credit risk monitoring comprises the evaluation of the credit risk scoring parameters (credit scoring), analysis of the portfolio structure, distribution of the debtor population, as well as monitoring of current and/or potential problem loans. Regarding consumer credit in the Bank, since 2002, application of scoring models has been implemented to assess the creditworthiness of prospective borrowers (application scoring), which were then applied to all private credit portfolios. At the same time, behaviour scoring models have been used to evaluate existing customers' behaviour (behaviour scoring) both at product and customer levels.

| Piraeus Bank Group           | March 2017 | December 2016 | December 2015 |
|------------------------------|------------|---------------|---------------|
| Loans in arrears > 90 days % | 37.8%      | 36.6%         | 39.5%         |

As at 31 March 2017, Piraeus Group's NPLs decreased by €0.3 billion against the 31 December 2016 figure, however there was a slight increase in the the NPL ratio at 31 March 2017 as compared with the NPL ratio as at 31 December 2016 which was mainly due to the deleveraging strategy the Group has undertaken.

For the measurement and evaluation of credit risk entailed in debt securities, ratings from external agencies are mainly applied. The way the Group's exposure to credit risk from debt securities and other bills is calculated varies according to IFRS classification.

### 7.2.1. *Credit Risk Stress-Testing Exercises*

Stress-testing exercises constitute an integral part of the Bank's credit risk measuring and quantifying processes, providing estimates of the size of financial losses that could occur under potential extreme financial conditions. Pursuant to the Bank of Greece's directives (Governor's Act 2577/09.03.06) Piraeus Bank Group conducts credit risk stress-testing exercises, the results of which are presented to and evaluated by the Risk Management Committee.

### 7.3. *Credit Risk Mitigating Techniques*

Piraeus Group sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Additionally, limits are set and applied against exposures to financial institutions. The Group's total exposure to credit risk, including financial institutions, is further controlled by the application of sub-limits that address on and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security provided, which reduces the level of risk assumed. The Group categorises the risk of credits into risk classes, based on the type of collateral or security associated and their liquidation potentiality. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In the Group, no credit is approved by one sole person since the procedure regularly requires the approval of a minimum of three authorised officers, with the exception of consumer loans and credit cards, with the pre-requisite that all criteria set in the credit policy are met. Approval authorities are designated based on the level of risk exposure and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis and any limit excesses are reported in a timely manner and dealt with accordingly.

### 7.4. *Liquidity Risk Management*

Liquidity risk management is associated with the Bank's ability to maintain adequate liquidity positions in order to meet its payment obligations. In order to manage this risk, future liquidity requirements are monitored thoroughly, along with the respective needs for funding, depending on the projected maturity of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that, under normal conditions, the Group may meet all its payment obligations as they fall due.

For the effective management of liquidity risk, all Group units have applied a uniform Liquidity Risk Management Policy. This policy is consistent with globally applied practices and supervisory regulations, and adapted to the individual activities and structures of the Group. The liquidity framework of the Group includes policies, methodologies and procedures, as well as specified roles and responsibilities of parties involved.

Since November 2014, the Group has been supervised by the SSM of the ECB, in collaboration with the Bank of Greece and submits a wide range of regulatory reporting on a periodic basis.

The Group calculates its Liquidity Coverage Ratio and Net Stable Funding Ratio, on a monthly and quarterly basis respectively, according to the CRR in implementation of Basel III at European level and the European supervisory framework harmonisation (Single Rulebook). However, the Liquidity Coverage Ratio is not considered an appropriate liquidity risk ratio for credit institutions receiving funding through the ELA.

Under CRD IV, credit institutions are required to have comprehensive policies, procedures, policies and systems to ensure adequate monitoring of liquidity risk. During 2015, the Group submitted to the SSM, the Internal Liquidity Adequacy Assessment Processes (“ILAAP”), for the first time, in accordance with Article 86 of CRD IV, followed by a submission to the SSM in April 2016 of the Report on the ILAAP, which contains the rules governing the management of liquidity risk and the main results of current and future bank liquidity position evaluations. The Internal Capital Adequacy Assessment Process (“ICAAP”) assesses the adequacy of available capital of the Group against material risks undertaken, while also assesses the Group’s capital position in a forward looking manner, within a 3-year horizon, under three macroeconomic scenarios (baseline, adverse and stress). Within the framework of the ICAAP and ILAAP procedures, the Group examined stress test scenarios, and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

In addition, during 2016 the Group participated in the ECB’s Short Term Exercise and submitted Additional Liquidity Monitoring Metrics reports on a monthly basis and provided an updated Recovery Plan and LCR Restoration Plan Review on a periodic basis to the SSM.

Following the adverse economic conditions of 2015 and the imposition of capital controls, the Group’s deposits due to customers increased by €3.0 billion during 2016. As of July 2016, a gradual ease of the capital controls was effected by the government, particularly regarding the transfer of funds. At 31 December 2016, total deposits due to customers of the Group amounted to €42.4 billion (€39 billion at 2015).

During 2016, the Group’s funding structure improved, as the overall liquidity from central banks the ECB and ELA recorded a decrease of €11.8 billion, reaching €20.9 billion as at 31 December 2016 (€32.7 billion as at 31 December 2015). In particular, the ELA funding reached €11.9 billion as at 31 December 2016 (€16.7 billion as at 31 December 2015) and ECB funding reached to €9.0 billion as at 31 December 2016 (€16.0 billion as at 31 December 2015). The central bank funding decrease was made possible due to the aforementioned increase in deposits due to customers by €3.0 billion, the increase of funding raised through interbank repos at €4.2 billion and the sale of €3.7 billion EFSF bonds, part of the repurchase program of securities issued by European supranational euro-area agencies (PSPP). Finally, the long-term funding from ECB (TLTRO) increased by €1.3 billion compared to 31 December 2015, reaching the amount of €4.0 billion as at 31 December 2016, thus improving the Group’s funding maturity profile.

In addition, as a result of the Bank’s effort to increase its net interest income, along with the general market trend, there was a reduction in the cost of deposits during 2016.

## 7.5. Market Risk Management

Market risk is defined as the risk of incurring losses due to adverse changes in the level of market prices and rates, such as equity prices, interest rates, commodity prices and currency exchange rates, as well as changes in their correlation.

The Group has established a market risk limit system which covers all its activities. The adequacy of the system and the limits are reviewed annually.

The Value-at-Risk (“VaR”) measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. The Group implements the parametric Value-at-Risk methodology. Value-at-Risk is measured for the positions in the trading book as well as the available for sale portfolio.

The method employed is considered to produce adequate results in cases where there are no significant non-linear risk factors (such as when there are no large option positions in the portfolio) and the returns on investment follow the normal distribution. The Trading and Available for sale portfolios do not have significant option positions and therefore the current methodology for the VaR estimation is considered as adequate.

## Value at Risk of the Trading Portfolio (€ million)

|                                     | 31 December<br>2016 | 31 December<br>2015 |
|-------------------------------------|---------------------|---------------------|
| VaR Interest Rate risk              | 0.37                | 2.81                |
| VaR Equity Risk                     | 0                   | 0                   |
| VaR FX Risk                         | 0.82                | 2.64                |
| VaR Commodity Risk                  | 0                   | 0                   |
| Diversification effect              | 0.38                | -1.68               |
| <b>Group Trading Book Total VaR</b> | <b>0.81</b>         | <b>3.81</b>         |

### 7.6. Operational Risk Management

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives.

The Group aims at the continuous improvement of operational risk management, through the implementation and the ongoing development of an integrated and adequate operational risk management framework that conforms to the best practices in Greece and relevant regulatory requirements.

The operational risk management framework, documented through methodologies and processes, covers the identification, assessment, measurement, mitigation and monitoring of operational risk, across all business activities and supporting functions of the Group, focusing simultaneously on the preventive and corrective mitigation of this risk. Furthermore, it aims at the dissemination of a common and comprehensible approach to the management of this type of risk to all the parties involved. The framework includes the following processes: Risk and Control Self-Assessment, Extreme Scenario Analysis, Key Risk Indicators, Action Plans Monitoring, Loss Collection, Value at Risk and Internal Capital calculation, operational risk appetite framework, operational risk mitigation techniques and internal and external reports.

The operational risk management framework, for which the Group Operational Risk Management unit is responsible for its development and maintenance, is considered as an integral part of the Group risk management framework, has been approved by the Risk Management Committee, is reviewed on a regular basis and is adjusted according to the Group's total risk exposure and risk appetite.

The operational risk management framework is applied to Piraeus Bank and the Group's subsidiaries in Greece and abroad. It is adjusted according to the size and range of the Bank's and the subsidiaries' activities, as well as any local regulatory requirements. The supervision and coordination of the framework implementation across the Group, as well as of its respective methodologies, is centrally undertaken by the Group Operational Risk Management unit.

The following key projects are currently in progress aiming at the enhancement of the Group Operational Risk Management Framework.

- Group-wide deployment of the operational risk management platform, which was successfully implemented by Piraeus Bank during 2016;

- Redesign and enhancement of operational risk incident and loss collection process;
- Enhancements in operational risk measurement framework enabling more accurate and useful VaR measurements, including risk allocations, based on the capabilities offered by the newly acquired application; and
- Further development of the operational risk control framework, including control effectiveness testing and assessment.

In addition, the following projects, which will contribute to addressing operational risks are also in progress:

- Implementation of Environmental and Social Management System in the Bank and its subsidiaries in Greece and abroad, in order to apply effective environmental and social management practices in all its financing activities, products and services, in line with its Sustainability Policy;
- Enhancement of Information & Communication Technology risk management processes and governance, in line with the regulatory guidelines;
- Implementation of Information Security Risk Assessment methodology, developed by the Group IT Security and Control Office in order to determine the extent of risk associated with the likelihood of a potential threat exploiting a vulnerability on any given informational asset throughout its life cycle; and
- Enhancement of the awareness of Banks personnel regarding information technology and cyber security issues in order to foster a strong cyber security risk culture and build a common understanding on related matters across the Bank.

#### *7.7. Group Capital Adequacy*

The regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to risks undertaken. The Total Capital Ratio is defined as the ratio of regulatory capital over the total risk exposure amount.

Capital adequacy is monitored by the responsible bodies of the Bank and is submitted quarterly to the supervisory authority, the ECB.

The main objectives of Piraeus Bank Group related to the Group's capital adequacy management are the following:

- Comply with the capital requirements regulation according to the supervisory framework.
- Preserve the Group's ability to continue unhindered its operations.
- Retain a sound and stable capital base supportive of the Bank's management business plans.
- Maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

Piraeus Bank Group applies the following methodologies for the calculation of Pillar I capital requirements:

- the standardised approach for calculating credit risk;

- the mark-to-market method for calculating counterparty credit risk;
- the standardised approach for calculating market risk;
- the standardised approach for calculating credit valuation adjustment risk; and
- the standardised approach for calculating operational risk.

As at 31 December 2016, the Group's CRD IV total capital adequacy ratio stood at 17.0 per cent., equal to the CET-1 capital adequacy ratio and as at 31 March 2017, the Group's CRD IV total capital adequacy ratio stood at 16.8 per cent., again equal to the CET-1 capital adequacy ratio. The amount of deferred tax assets included in the Group's regulatory capital in accordance with the provisions of Article 27A of Greek Law 4172/2013 (as amended from time to time), as of 31 December 2016, was €4.1 billion. The Group's fully loaded CET-1 capital adequacy ratio was at 16.3 per cent. at the end of March 2017, compared to 16.2 per cent. at the end of 31 December 2016. The phased-in CET-1 capital adequacy ratio was 16.8 per cent. as at 31 March 2017 compared with 17.0 per cent. as at 31 December 2016. Following the conclusion of the Supervisory Review and Evaluation Process for the year ended 31 December 2016, the ECB informed the Group of its total capital requirement, valid from 1 January 2017. According to the decision, the Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.0 per cent., which includes: (a) the minimum Pillar I total capital requirements as per Article 92(1) of the CRR; (b) the additional Pillar II capital requirement as per Article 16(2) of Regulation 1024/2013/EU; and (c) the transitional capital conservation buffer of the CRR, which for 2017 is set at 1.25 per cent.

## 8. Analysis of Loan Portfolio

Loans and advances to customers accounted for 61.0 per cent. of the Group's total assets in December 2016 and 61.9 per cent. as at 31 March 2017. The loan portfolio of the Group is highly diversified across various sectors with loans to individuals (mortgage and consumer credit) comprising 33.7 per cent. of total loans and advances to customers at 31 December 2016 and 38 per cent. at 31 March 2017, while loans to medium-sized, large enterprises, shipping and SMEs accounted for 63.2 per cent., as at 31 December 2016 and 62 per cent. as at 31 March 2017.

|                             | As at 31 December 2016 |
|-----------------------------|------------------------|
| Mortgages                   | 28.7%                  |
| Consumer                    | 7.2%                   |
| Agriculture                 | 1.9%                   |
| Manufacturing               | 9.5%                   |
| Energy                      | 1.8%                   |
| Commerce and Services       | 7.8%                   |
| Shipping                    | 4.8%                   |
| Coastline/Ferries Companies | 0.5%                   |
| Construction                | 5.3%                   |
| Transport and Logistics     | 1.5%                   |
| Tourism                     | 4.9%                   |
| Financial Sector            | 6.5%                   |
| Real Estate Companies       | 4.1%                   |
| Project Finance             | 3.8%                   |
| Other                       | 7.4%                   |
| Public Sector               | 4.2%                   |

The majority of loans granted by the Group are on a floating rate basis, with interest resets mostly at one or three-month refix periods. Out of the total loans and advances to customers before

allowances for losses, fixed rate loans amount to €4,546 million (2015: €3,681 million) and floating rate loans amount to €62,103 million (2015: €64,390 million).

### Loans and Advances to Customers in Euro and Foreign Currencies

As of 31 December 2016, the Group's loans and advances to customers, in currencies other than Euro, amounted to €5,770 million (11.6 per cent. of total loans and advances to customers).

|                                             | Composition<br>as at 31 December |               |                                 |               |
|---------------------------------------------|----------------------------------|---------------|---------------------------------|---------------|
|                                             | 2016                             |               | 2015                            |               |
|                                             | Amounts<br>in<br>EUR<br>million  | %             | Amounts<br>in<br>EUR<br>million | %             |
| Euro.....                                   | 43,938                           | 88.4%         | 44,533                          | 88.0%         |
| Other Currencies.....                       | 5,770                            | 11.6%         | 6,058                           | 12.0%         |
| Total Loans and Advances to customers ..... | <u>49,708</u>                    | <u>100.0%</u> | <u>50,591</u>                   | <u>100.0%</u> |

### Loan Quality

The Group's loans in arrears over 90 days ratio was 37.5 per cent. at 31 December 2016 and 37.8 per cent. at 31 March 2017. The Group coverage ratio of Non-Performing Loans by allowances for loan losses on loans and advances to customers came to 69.5 per cent. at 31 December 2016 and 68.0 per cent. at 31 March 2017. The particularly high level of allowance for loan losses over loans and advances to customers before allowances for loan losses ratio of the Group should be highlighted, which reached 26.0 per cent. at 31 December 2016 and 25.7 per cent. at 31 March 2017.

|                                                                                                                             | As at 31<br>March<br>2017 | As at<br>31 December<br>2016 | As at<br>31 December<br>2015 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------|------------------------------|
|                                                                                                                             | Amounts in EUR million    |                              |                              |
| Total Loans and Advances to customers before allowances for loan losses .....                                               | 63,787                    | 66,648                       | 68,071                       |
| Non-Performing Loans.....                                                                                                   | 24,087                    | 24,382                       | 26,878                       |
| Non-Performing Loans Ratio.....                                                                                             | 37.8%                     | 36.6%                        | 39.5%                        |
| Allowances for Loan losses as a percentage of total loans and advances to customers before allowances for loan losses ..... | 25.7%                     | 25.4%                        | 25.7%                        |
| Coverage ratio of Non-Performing Loans by allowances for loan losses on loans and advances to customers .....               | 68.0%                     | 69.5%                        | 65.0%                        |

## 9. Analysis of Funding

The Group's deposits due to customers in December 2016 amounted to €42.4 billion, posting a year on year increase of 7.6 per cent., on a like-for-like basis, following further capital controls relaxation in Greece in mid 2016, clearance of state arrears towards private sector providers, as

well as Piraeus Bank's targeted product offering and client campaigns. The entire increase was recorded in the second half of the year. Piraeus Bank's deposits due to customers in Greece recorded a €2.8 billion increase in 2016 and amounted to €39.3 billion as at 31 December 2016, while international deposits reached €3.0 billion at 31 December 2016 from €2.8 billion at 31 December 2015.

### **Total Obligations to Customers in Euro and Other Currencies**

|                                     | <b>Composition as at 31 December</b> |                               |               |               |
|-------------------------------------|--------------------------------------|-------------------------------|---------------|---------------|
|                                     | <b>2016</b>                          | <b>Amounts in EUR million</b> |               | <b>2015</b>   |
| Euro.....                           | 38,896                               | 91.8%                         | 35,632        | 91.5%         |
| Other Currencies.....               | 3,469                                | 8.2%                          | 3,320         | 8.5%          |
| Total obligations to customers..... | <u>42,365</u>                        | <u>100.0%</u>                 | <u>38,952</u> | <u>100.0%</u> |

### **Total Obligations to Customers by Maturity**

| Amounts in € million         | <b>Less than</b> | <b>More than</b>                 | <b>More than</b> | <b>Total</b>  |
|------------------------------|------------------|----------------------------------|------------------|---------------|
|                              | <b>3 months</b>  | <b>3 months and up to 1 year</b> | <b>1 year</b>    |               |
| As at 31 December 2014 ..... | <u>43,170</u>    | <u>10,521</u>                    | <u>512</u>       | <u>54,733</u> |
| As at 31 December 2015 ..... | <u>35,625</u>    | <u>3,162</u>                     | <u>164</u>       | <u>38,952</u> |
| As at 31 December 2016 ..... | <u>37,195</u>    | <u>4,979</u>                     | <u>191</u>       | <u>42,365</u> |

Liabilities due to credit institutions totalled €27,020.9 million as at 31 December 2016 and €23,679.7 million at 31 March 2017 compared to €34,490.6 million at 31 December 2015. The Eurosystem stood at €15.5 billion at 31 March 2017 and €20.9 billion at 31 December 2016 from €32.7 billion at 31 December 2015.

## **10. Technology and Infrastructures**

Piraeus Bank places emphasis on optimising internal procedures in order to upgrade the quality and speed of completion of operations, while at the same time minimising operational costs. In the IT sector, emphasis is placed on installing applications that support the increase of the Group's work and the upgrade of infrastructures aiming for the safest and most effective possible operation.

Piraeus Bank possesses a state-of-the-art main data centre in Athens and a back-up disaster data centre in Thessaloniki, which was built according to international standards and specifications. Following the acquisition of ATEbank, it acquired and fully renovated ATEbank's data centre which has been fully operational since May 2013, and in February 2014 it was certified by Uptime Institute as one of the 50 data centres globally meeting Tier 4 standards. In November 2014, a series of crucial and complex projects regarding the integration of Geniki Bank's IT systems into the Bank's IT systems were completed and in July 2015, the Bank successfully completed the integration of the Panellinia branch network into the Bank's IT systems.

The development and improvement of IT systems in 2014 was undertaken in the framework of optimising and integrating infrastructures, processes and systems which are required by the continuously changing business and economic environment, with the aim of achieving economies

of scale, increased security, functionality, uniform management by the final user and thus, increased competitiveness for the Bank.

The Bank has received the internationally recognised ISO/IEC 27001 certification for the entire range of security, management and operations of the Group's IT systems (including, more recently, the Group's new IT Centre in Athens), every year since 2010. The certification covers the broader framework of the design, implementation, management and operation of data processes and security measures and provides additional levels of assurance and confidence to its customers, shareholders and partners.

In the event of a severe problem in the main data centre, the Bank's disaster data centre assures recovery of full functionality within no more than four hours.

In the main data centre in Athens and in the Disaster Data Centre in Thessaloniki, multiple systems have been installed to provide central support to the Bank's subsidiary banks abroad (ATM Switching Base 24, Internet Banking, Antimoney Laundering AML/WLM, Risk Management, Fraud Management, Moody's RMA, Collections, Accounting among others). Piraeus Bank uses one of the most popular central banking systems in the world ("Equation" by MISYS), which is linked online in real time with a complete range of over 40 peripheral systems and applications.

An up-to-date MPLS network covers Piraeus Bank's telecommunication requirements in Greece. One of the first networks of its kind to be installed in a Greek bank, it links its branches with the Data Centres via high-speed connections. An ADSL network also exists as back-up support to the MPLS network, and in the event that even this connection is not possible (for example, due to cable outage), a GSM 3G/4G network connection is on standby. To facilitate communication between the parent and its subsidiaries outside of Greece, a central state-of-the-art videoconferencing system has been installed. The Bank has one of the most sophisticated e-banking platforms in Europe, Winbank, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes. The platform uniformly supports all its electronic channels, such as Internet banking, mobile banking, phone banking, SMS banking, easypay.gr, and paycenter, amongst others. Winbank is being used by several of the Bank's subsidiaries abroad.

## **11. Human Resources**

At 31 March 2017, the Group's headcount totalled 17,642 employees in the core continuing operations, of which 14,054 were employed in Greece and 3,588 abroad. As of December 2016, the Group's headcount totalled 18,075 employees in the core continuing operations, of which 14,492 were employed in Greece and 3,583 abroad.

Among the total Group employees, 61 per cent. are female and 39 per cent. male. The average age of the Group's employees is 40 years. The age distribution of employees is a major advantage for the Group. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 29 per cent. of people are up to 45 years old. At the same time, its highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed. Piraeus Bank believes that the quality of its human resources is a key factor in achieving its strategic goals, and sees human resource management as a comprehensive set of actions and operations aimed at acquiring, retaining and utilising skilled employees who successfully and productively fulfil their roles. The Bank also seeks to emphasise the promotion and enhancement of morality, trust, devotion, team spirit and diversity in the workplace. These values ensure equal opportunities in continuous employee development, as well as non-discriminatory practices in the recruitment process through the implementation of well-defined candidate selection systems.

During 2016, a voluntary exit scheme was implemented, with 1,171 people included in the programme by the end of the year, while additional departures in early 2017 increased the

participation to 1,230 employees in Greece. A one-off operating cost of €110 million was deducted in the last quarter of 2015 for the personnel voluntary exit scheme. As a result, the Group's headcount for continuing operations at the end of December 2016 was reduced by 6 per cent., while by the end of March 2017, the year on year reduction of the headcount of the Bank stood at 8 per cent.

## 12. Subsidiaries and Associates

Piraeus Bank Group subsidiaries that were fully consolidated as at 31 March 2017 are illustrated in the table below:

| <b><u>Subsidiary companies from continuing operations</u></b> | <b><u>Direct and Indirect participation</u></b> |
|---------------------------------------------------------------|-------------------------------------------------|
| Piraeus Leases S.A.                                           | 100.00%                                         |
| Cyprus Leasing S.A.                                           | 100.00%                                         |
| Geniki Financial & Consulting Services S.A.                   | 100.00%                                         |
| Piraeus Securities S.A.                                       | 100.00%                                         |
| Piraeus Factoring S.A.                                        | 100.00%                                         |
| Piraeus Capital Management S.A.                               | 100.00%                                         |
| Piraeus Jeremie Technology Catalyst Management S.A.           | 100.00%                                         |
| Hellenic Fund for Sustainable Development                     | 65.00%                                          |
| ETVA Fund Management S.A.                                     | 65.00%                                          |
| Piraeus Asset Management S.A.                                 | 100.00%                                         |
| Piraeus Insurance & Reinsurance Brokerage S.A.                | 100.00%                                         |
| Piraeus Insurance Agency S.A.                                 | 100.00%                                         |
| Geniki Information S.A.                                       | 100.00%                                         |
| DI.VI.PA.KA S.A.                                              | 57.53%                                          |
| ETVA Development S.A.                                         | 65.00%                                          |
| ETVA Industrial Parks S.A.                                    | 65.00%                                          |
| Piraeus Green Investments S.A.                                | 100.00%                                         |
| Abies S.A.                                                    | 61.65%                                          |
| Achaia Clauss Estate S.A.                                     | 75.27%                                          |
| Euroterra S.A.                                                | 62.90%                                          |
| Kosmopolis A' Shopping Centers S.A.                           | 100.00%                                         |
| Linklife Food & Entertainment Hall S.A.                       | 100.00%                                         |
| ND Development S.A.                                           | 100.00%                                         |
| New Up Dating Development Real Estate and Tourism S.A.        | 100.00%                                         |
| Picar S.A.                                                    | 100.00%                                         |
| Property Horizon S.A.                                         | 100.00%                                         |
| Rebikat S.A.                                                  | 61.92%                                          |
| General Construction and Development Co. S.A.                 | 66.66%                                          |
| Entropia Ktimatiki S.A.                                       | 66.70%                                          |
| Euroak S.A. Real Estate                                       | 53.60%                                          |
| Komotini Real Estate Development S.A.                         | 100.00%                                         |
| Piraeus Buildings S.A.                                        | 100.00%                                         |
| Piraeus Development S.A.                                      | 100.00%                                         |
| Piraeus Real Estate S.A.                                      | 100.00%                                         |
| Pleiades Estate S.A.                                          | 100.00%                                         |
| A.C.T. B.A.S. S.A.                                            | 100.00%                                         |
| KPM Energy S.A.                                               | 80.00%                                          |
| Mille Fin S.A.                                                | 100.00%                                         |
| Multicollection S.A.                                          | 51.00%                                          |
| Special Business Services S.A.                                | 100.00%                                         |
| Special Financial Solutions S.A.                              | 100.00%                                         |
| Zibeno I Energy S.A.                                          | 83.00%                                          |

| <b><u>Subsidiary companies from continuing operations</u></b> | <b><u>Direct and Indirect participation</u></b> |
|---------------------------------------------------------------|-------------------------------------------------|
| Centre of Sustainable Entrepreneurship Excelixi S.A.          | 100.00%                                         |
| Piraeus ACT Services S.A.                                     | 100.00%                                         |
| Piraeus Direct Services S.A.                                  | 100.00%                                         |
| PROSPECT N.E.P.A.                                             | 100.00%                                         |
| Tirana Bank I.B.C.S.A                                         | 98.83%                                          |
| Tirana Leasing Sh. A.                                         | 100.00%                                         |
| Cielo Conculancy Sh.P.K.                                      | 99.09%                                          |
| Edificio Enterprise Sh.P.K.                                   | 99.09%                                          |
| Tierra Projects Sh.P.K.                                       | 99.09%                                          |
| Piraeus Real Estate Tirana Sh.P.K                             | 100.00%                                         |
| Piraeus Bank Bulgaria A.D.                                    | 99.98%                                          |
| Piraeus Insurance Brokerage EOOD                              | 99.98%                                          |
| Beta Asset Management EOOD                                    | 99.98%                                          |
| Bulfina E.A.D.                                                | 100.00%                                         |
| Bulfinace E.A.D                                               | 100.00%                                         |
| Delta Asset Management EOOD                                   | 99.98%                                          |
| Gama Asset Management EOOD                                    | 99.98%                                          |
| Piraeus Real Estate Bulgaria EOOD                             | 100.00%                                         |
| Varna Asset Management EOOD                                   | 99.98%                                          |
| Asset Management Bulgaria EOOD                                | 99.98%                                          |
| Besticar Bulgaria EOOD                                        | 99.98%                                          |
| Besticar EOOD                                                 | 99.98%                                          |
| Piraeus Equity Investment Management Ltd                      | 100.00%                                         |
| Arigeo Energy Holdings Ltd                                    | 100.00%                                         |
| Besticar Limited                                              | 99.98%                                          |
| Euroinvestment & Finance Public LTD                           | 90.85%                                          |
| Piraeus Clean Energy Holdings LTD                             | 100.00%                                         |
| Piraeus Equity Partners Ltd.                                  | 100.00%                                         |
| Piraeus Renewable Investments Limited                         | 100.00%                                         |
| PRI WIND I Limited                                            | 100.00%                                         |
| PRI WIND II Limited                                           | 100.00%                                         |
| PRI WIND III Limited                                          | 100.00%                                         |
| R.E. Anodus Two Ltd                                           | 99.09%                                          |
| Tellurion Ltd                                                 | 100.00%                                         |
| Tellurion Two Ltd                                             | 99.09%                                          |
| Trieris Two Real Estate LTD                                   | 100.00%                                         |
| Zibeno Investments Ltd                                        | 83.00%                                          |
| O.F. Investments Ltd                                          | 100.00%                                         |
| R.E Anodus LTD                                                | 100.00%                                         |
| Lakkos Mikelli Real Estate LTD                                | 50.66%                                          |
| Philoktimatiki Public LTD                                     | 53.29%                                          |
| Piraeus Clean Energy GP Ltd                                   | 100.00%                                         |
| Piraeus Equity Advisors Ltd.                                  | 100.00%                                         |
| Sunholdings Properties Company LTD                            | 26,65%                                          |
| Philoktimatiki Ergoliptiki LTD                                | 53.29%                                          |
| JSC Piraeus Bank ICB                                          | 99.99%                                          |
| Akinita Ukraine LLC                                           | 99.09%                                          |
| Sinitem LLC                                                   | 99.94%                                          |
| Solum Enterprise LLC                                          | 99.94%                                          |
| Solum Limited Liability Company                               | 99.94%                                          |
| Piraeus Bank Romania S.A.                                     | 100.00%                                         |
| Piraeus Leasing Romania INF S.A.                              | 100.00%                                         |
| Alecsandri Estates SRL                                        | 74.32%                                          |
| Daphne Real Estate Consultancy SRL                            | 99.09%                                          |

| <b><u>Subsidiary companies from continuing operations</u></b> | <b><u>Direct and Indirect participation</u></b> |
|---------------------------------------------------------------|-------------------------------------------------|
| Priam Business Consultancy SRL                                | 99.18%                                          |
| Project Season Residence SRL                                  | 100.00%                                         |
| R.E. Anodus SRL                                               | 99.09%                                          |
| Rhesus Development Projects SRL                               | 99.09%                                          |
| General Business Management Investitii S.R.L.                 | 100.00%                                         |
| Piraeus Real Estate Consultants S.R.L.                        | 100.00%                                         |
| Piraeus Bank Beograd A.D.                                     | 100.00%                                         |
| Piraeus Leasing Doo Beograd                                   | 100.00%                                         |
| Piraeus Rent Doo Beograd                                      | 100.00%                                         |
| Piraeus Real Estate Egypt LLC                                 | 100.00%                                         |
| Piraeus FI Holding Ltd                                        | 100.00%                                         |
| Trieris Real Estate Management LTD                            | 100.00%                                         |
| Piraeus Master GP Holding Ltd                                 | 100.00%                                         |
| Marathon 1 Greenvale Rd LLC                                   | 99.95%                                          |
| Piraeus Group Capital LTD                                     | 100.00%                                         |
| Piraeus Group Finance P.L.C.                                  | 100.00%                                         |
| Piraeus Clean Energy LP                                       | 100.00%                                         |
| Axia Finance III PLC                                          | –                                               |
| Axia Finance PLC                                              | –                                               |
| Axia III APC LIMITED                                          | –                                               |
| Estia Mortgage Finance PLC                                    | –                                               |
| Estia Mortgage Finance II PLC                                 | –                                               |
| Kion Mortgage Finance PLC                                     | –                                               |
| Praxis I Finance PLC                                          | –                                               |
| Praxis II APC LIMITED                                         | –                                               |
| Praxis II Finance PLC                                         | –                                               |
| Capital Investments & Finance S.A.                            | 100.00%                                         |
| Piraeus Asset Management Europe S.A.                          | 100.00%                                         |
| Vitria Investments S.A.                                       | 100.00%                                         |

Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Axia Finance PLC, Praxis I Finance PLC, Axia Finance III PLC, Praxis II Finance PLC, Axia III APC LIMITED, Praxis II APC LIMITED, Kion Mortgage Finance PLC, are special purpose vehicles for securitisation of loans, advances to customers and issuance of debt securities. Sunholdings Properties Company LTD although presenting less than 50 per cent. holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Also, as at 31 March 2017 the companies Piraeus Buildings S.A., Capital Investments & Finance S.A., Vitria Investments S.A., Multicollection S.A., Tirana Leasing Sh.A., Besticar Limited and Piraeus Clean Energy LP were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Hellenic Information Systems HIS S.A.", b) "The Museum Ltd", c) "Piraeus Bank Group Cultural Foundation", d) "Procas Holding Ltd", e) "Phoebe Investments SRL", f) "Core investments Project SRL", g) "Amaryllis Investments Consultancy SRL", h) "Torborg Maritime Inc.", i) "Isham Marine Corp.", j) "Cybele Management Company", k) "Alegre Shipping Ltd", l) "Maximus Chartering Co." m) "Lantana Navigation Corp.", n) "Pallas Shipping SA, o) "Zephyros Marine INC.", p) "Bayamo Shipping Co.", q) "Sybil Navigation Co.", r) "Axia III Holdings Ltd.", s) "Praxis II Holdings Ltd", and t) "Kion Holdings Ltd.". The company lettered (a) is fully depreciated, under liquidation status. The companies lettered (d)-(g) have not started operating yet. The companies lettered (h)-(i) are dormant and will be set under dissolution. The companies lettered (j)-(q) have been dissolved and set under liquidation. The companies lettered (r)-(t) have as their exclusive scope the participation in special purpose vehicles for the securitisation of loans and the issuance of debt securities, which

are consolidated within the Group through the full consolidation method. The consolidation of the above mentioned companies does not have significant effect on the financial position and results of the Group.

| <b><u>Subsidiaries from discontinued operations</u></b> | <b><u>Direct and Indirect participation</u></b> |
|---------------------------------------------------------|-------------------------------------------------|
| ATE Insurance Romania S.A. ....                         | 99.54%                                          |
| IMITHEA S.A. ....                                       | 100.00%                                         |
| Olympic Commercial & Tourist Enterprises S.A. ....      | 94.00%                                          |

As at 31 March 2017, Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the consolidated interim condensed financial information for the period ended 31 March 2017:

| <b><u>Associate companies from continuing operations</u></b>     | <b><u>Activity</u></b>                                                                           | <b><u>Direct and Indirect participation</u></b> |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.                | Scientific and technology park management                                                        | 30.45%                                          |
| Evros' Development Company S.A.                                  | European community programs management                                                           | 30.00%                                          |
| Project on Line S.A.                                             | Information technology & software                                                                | 40.00%                                          |
| APE Commercial Property Real Estate Tourist and Development S.A. | Holding Company                                                                                  | 27.80%                                          |
| APE Fixed Assets Real Estate Tourist and Development S.A.        | Real estate, development/tourist services                                                        | 27.80%                                          |
| Trieris Real Estate LTD                                          | Property management                                                                              | 32.37%                                          |
| APE Investment Property S.A.                                     | Real estate, development/ tourist services                                                       | 27.20%                                          |
| Sciens International Investments & Holding S.A.                  | Holding company                                                                                  | 28.10%                                          |
| Exodus S.A.                                                      | Information technology & software                                                                | 49.90%                                          |
| Piraeus - TANEQ Capital Fund                                     | Close end Venture capital fund                                                                   | 50.01%                                          |
| Teiresias S.A.                                                   | Interbanking company of development, operation and management of information systems             | 23.53%                                          |
| PJ Tech Catalyst Fund                                            | Close end Venture capital fund                                                                   | 30.00%                                          |
| Pyrrichos S.A.                                                   | Property management                                                                              | 50.77%                                          |
| Hellenic Seaways Maritime S.A.                                   | Maritime transport - Coastal shipping                                                            | 40.44%                                          |
| Gaia S.A.                                                        | Software services                                                                                | 26.00%                                          |
| Olganos Real Estate S.A.                                         | Property management/electricity production from hydropower stations                              | 32.27%                                          |
| Exus Software Ltd                                                | IT products retailer                                                                             | 49.90%                                          |
| Marfin Investment Group Holding S.A.                             | Holding Company                                                                                  | 31.37%                                          |
| Litus Advisory S.A.                                              | Consulting in the fields of European Programmes Communication Strategy and International Affairs | 50.00%                                          |

| <b>Associate companies from continuing operations</b> | <b>Activity</b>                 | <b>Direct and Indirect participation</b> |
|-------------------------------------------------------|---------------------------------|------------------------------------------|
| Selonda Aquaculture S.A.                              | Fish farming                    | 32.92%                                   |
| Nireus Aquaculture S.A.                               | Fish farming                    | 32.51%                                   |
| Trastor Real Estate Investments Company               | Real estate investment property | 39.39%                                   |

| <b>Joint Ventures</b> | <b>Activity</b>     | <b>Direct and Indirect participation</b> |
|-----------------------|---------------------|------------------------------------------|
| AEP ELAIONA S.A.      | Property management | 50.00%                                   |

Piraeus – TANEQ Capital Fund is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. Pyrrichos S.A. and Litus Advisory S.A. are included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control. The changes in the portfolio of consolidated companies are presented in note 20 "Changes in the Portfolio of consolidated companies" of the consolidated interim condensed financial information of the Group for the period ended 31 March 2017.

The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under idle status. The consolidation of this company does not have significant effect to the financial position and results of the Group.

As at 31 December 2016, the Piraeus Bank Group associate companies and joint ventures, which are consolidated using the equity method, are presented in the following table which is included in the annual consolidated financial statements for the year 2016:

| <b>Associate company</b>                                         | <b>Activity</b>                            | <b>Direct and Indirect Participation as at 31 December 2016</b> | <b>Total Equity as at 31 December 2016 (amounts in thousand €)</b> | <b>Profit Before Tax 2016 for the year ended (amounts in thousand €)</b> |
|------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.                | Scientific and technology park management  | 30.45%                                                          | 156                                                                | (12)                                                                     |
| EVROS' DEVELOPMENT COMPANY S.A.                                  | European community programs management     | 30.00%                                                          | 11                                                                 | (23)                                                                     |
| PROJECT ON LINE S.A.                                             | Information technology & software          | 40.00%                                                          | 0                                                                  | 857                                                                      |
| APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A. | Holding company                            | 27.80%                                                          | 52,442                                                             | (3,259)                                                                  |
| APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A.        | Real estate, development/ tourist services | 27.80%                                                          | 43,329                                                             | (2,617)                                                                  |
| TRIERIS REAL ESTATE LTD                                          | Property management                        | 32.37%                                                          | 19,861                                                             | (897)                                                                    |

| <b>Associate company</b> | <b>Activity</b> | <b>Direct and Indirect Participation as at 31 December 2016</b> | <b>Total Equity as at 31 December 2016 (amounts in thousand €)</b> | <b>Profit Before Tax 2016 for the year ended (amounts in thousand €)</b> |
|--------------------------|-----------------|-----------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
|--------------------------|-----------------|-----------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|

|                                                 |                                                                                                   |        |         |          |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------|--------|---------|----------|
| APE INVESTMENT PROPERTY S.A.                    | Real estate, development/ tourist services                                                        | 27.20% | 6,774   | (4,758)  |
| SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A. | Holding company                                                                                   | 28.10% | 61,638  | (38,905) |
| EXODUS S.A.                                     | Information technology & software                                                                 | 49.90% | 2,112   | 104      |
| PIRAEUS - TANE0 CAPITAL FUND                    | Close end Venture capital fund                                                                    | 50.01% | 3,571   | (419)    |
| TEIRESIAS S.A.                                  | Inter banking company of development, operation and management of information systems             | 23.53% | 1,123   | (93)     |
| P J TECH CATALYST FUND                          | Close end Venture capital fund                                                                    | 30.00% | 8,417   | (343)    |
| PYRRICHOS S.A.                                  | Property management                                                                               | 50.77% | (8,932) | (92)     |
| HELLENIC SEAWAYS MARITIME S.A.                  | Maritime transport – Coastal shipping                                                             | 40.44% | 80,617  | 5,628    |
| Gaia S.A.                                       | Software services                                                                                 | 26,00% | 4,209   | 1,395    |
| Olganos S.A.                                    | Property management/electricity production from hydropower stations                               | 32.27% | 1,094   | (267)    |
| Exus Software Ltd                               | IT products retailer                                                                              | 49,90% | 427     | 108      |
| Marfin Investment Group Holding S.A             | Holding Company                                                                                   | 31.42% | *       | *        |
| Litus Advisory S.A                              | Consulting in the fields of European Programmes, Communication Strategy and International Affairs | 50.00% | 25      | (248)    |
| Selonda Aquaculture S.A                         | Fish farming                                                                                      | 32,43% | *       | *        |
| Nireus Aquaculture S.A                          | Fish farming                                                                                      | 32,51% | 132,123 | 7,859    |
| AEP ELAIONA S.A.                                | Property management                                                                               | 50.00% | 3,288   | (4,993)  |

(\*) At the date of approval of the Bank's audited consolidated financial statements, the listed associated companies Marfin Investment Group Holdings S.A. and Selonda Aquaculture S.A. had not published their annual financial statements for the year 2016. Therefore, it was not necessary to report balances of the statement of financial position and profit or loss account for these companies, as draft financial data were used for their consolidation under the equity method of accounting. According to stock market prices of 31 December 2016, the fair value of the Group's shareholding to associate listed companies is as follows: Marfin Investment Group Holdings S.A. €44.0 million, Selonda Aquaculture S.A. €13.2 million and Nireus Aquaculture S.A. €15.7 million.

### 13. Consolidated Income Statement

Set out below is the summary consolidated income statement of the Piraeus Bank Group for the years ending 31 December 2016 and 31 December 2015 and for the quarter ending 31 March 2017.

The key highlights of the 2015 annual results for the Piraeus Bank Group were the following:

- Loans and advances to customers before allowances for loan losses amounted to €68,070,999 thousand at 31 December 2015; 65.4 per cent. of which were business loans, 24.6 per cent. mortgages and 10.0 per cent. consumer loans.
- Deposits due to customers amounted to €39,357,641 thousand at 31 December 2015, 63.0 per cent. of which comprised current and savings accounts.
- Group net interest income reached €1,877,220 thousand in 2015.
- Operating expenses before provisions amounted to €1,472,681 thousand in 2015, of which 52.4 per cent. were related to staff costs (€771,908 thousand), 40.0 per cent. to

administrative expenses (€588,995 thousand) and 7.6 per cent. to depreciation and other expenses (€111,778 thousand). It is noted that €111.0 million was a one-off operating cost linked to a voluntary exit scheme.

- The Group's pre-provision income amounted to €920,426 thousand in 2015 with total impairment losses on loans and advances to customers reaching €3,846,807 thousand.
- The full year 2015 Group profit/(loss) before income tax was a loss of €2,929,953 thousand, while the profit/(loss) after income tax attributable to shareholders from continuing operations was a loss of €1,858,220 thousand, and discontinued operations posted a loss of €34,628 thousand.

The key highlights of the 2016 annual results for the Piraeus Bank Group were the following:

- Loans and advances to customers before allowances for loan losses amounted to €66,648,449 thousand at 31 December 2016; 66.3 per cent. of which were business loans, 24.3 per cent. mortgages and 9.4 per cent. consumer loans.
- Deposits due to customers amounted to €42,364,829 thousand at 31 December 2016, 61.8 per cent. of which comprised current and savings accounts.
- Group net interest income reached €1,810,713 thousand in 2016 decreasing 3.5 per cent. compared to 2015, due to the Group's results abroad.
- Operating expenses before provisions amounted to €1,322,067 thousand in 2016, of which 47.5 per cent. were related to staff costs (€627,511 thousand), 44.2 per cent. to administrative expenses (€583,945 thousand) and 8.4 per cent. to depreciation and other expenses (€110,611 thousand).
- The Group's pre-provision income amounted to €1,043,985 thousand in 2016 with total impairment losses on loans and advances to customers dropping to €1,014,620 thousand.
- The full year 2016 Group profit/(loss) before income tax was a loss of €167,781 thousand, while the profit/(loss) after income tax attributable to shareholders from continuing operations was a loss of €3,664 thousand, and discontinued operations posted a loss of €31,322 thousand.

The key highlights of the first quarter 2017 results for the Piraeus Bank Group were the following:

- Loans and advances to customers before allowances for loan losses amounted to €63,787,000 thousand at 31 March 2017; 65 per cent. of which were corporate loans, 25 per cent. mortgages and 10 per cent. consumer loans.
- Deposits due to customers amounted to €40,960,361 thousand at 31 March 2017, 61.0 per cent. of which comprised current and savings accounts.
- Group net interest income amounted to €440,273 thousand in the first quarter of 2017, 1.6 per cent. lower compared to the respective quarter of the previous year, negatively affected by loan deleveraging and the further reduction of EURIBOR.
- Operating expenses before provisions amounted to €293,969 thousand in the first quarter of 2017, of which 49.1 per cent. were related to staff costs (€144,423

thousand), 41.8 per cent. to administrative expenses (€122,818 thousand) and 9.1 per cent. to depreciation and other expenses (€26,729 thousand).

- The Group's pre-provision income amounted to €257,690 thousand in the first quarter of 2017, an increase of 11.1 per cent. compared to €232,037 thousand in the first quarter of 2016, on the back of 2.7 per cent. increase in net revenues and a 3.6 per cent. decrease of operating expenses. Total impairment losses on loans and advances to customers amounted to €258,457 thousand.
- The first quarter of 2017 profit/(loss) before income tax was a loss of €19,410 thousand, while the profit/(loss) after income tax attributable to shareholders from continuing operations was a loss of €6,035 thousand, and discontinued operations posted a loss of €1,421 thousand.

## CONSOLIDATED INCOME STATEMENT

|                                                                                                 | Year ended<br>31 December            |                    |
|-------------------------------------------------------------------------------------------------|--------------------------------------|--------------------|
|                                                                                                 | 2016                                 | 2015               |
|                                                                                                 | <b>Amounts<br/>in thousand euros</b> |                    |
| Interest and similar income.....                                                                | 2,542,779                            | 2,967,477          |
| Interest expense and similar charges.....                                                       | (732,066)                            | (1,090,257)        |
| <b>NET INTEREST INCOME</b> .....                                                                | <b>1,810,713</b>                     | <b>1,877,220</b>   |
| Net Fee and Commission income .....                                                             | 370,582                              | 345,167            |
| Fee and Commission expense .....                                                                | (44,840)                             | (39,509)           |
| <b>NET FEE AND COMMISSION INCOME</b> .....                                                      | <b>325,742</b>                       | <b>305,659</b>     |
| Divident income .....                                                                           | 8,792                                | 8,200              |
| Net income from financial instruments designated at fair value through profit or loss.....      | (1,704)                              | 71,362             |
| Results from investment securities .....                                                        | 163,687                              | 38,068             |
| Other results .....                                                                             | 58,821                               | 92,599             |
| <b>TOTAL NET INCOME</b> .....                                                                   | <b>2,366,052</b>                     | <b>2,393,107</b>   |
| Staff costs .....                                                                               | (627,511)                            | (771,908)          |
| Administrative expenses.....                                                                    | (583,945)                            | (588,995)          |
| Depreciation and amortisation .....                                                             | (110,611)                            | (111,778)          |
| <b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS</b> .....                                         | <b>(1,322,067)</b>                   | <b>(1,472,681)</b> |
| <b>PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX</b> .....                                | <b>1,043,985</b>                     | <b>920,426</b>     |
| Impairment losses on loans .....                                                                | (1,014,620)                          | (3,486,807)        |
| Impairment losses on other assets .....                                                         | (119,681)                            | (157,515)          |
| Impairment losses on other debt securities - receivables .....                                  | (5,118)                              | -                  |
| Impairment on participations and investment securities.....                                     | (28,125)                             | (27,180)           |
| Impairment of tangible and intangible assets .....                                              | (15,259)                             | (120,299)          |
| Impairment on assets held for sale.....                                                         | (1,646)                              | (9,342)            |
| Other provisions.....                                                                           | (9,148)                              | (36,470)           |
| Share of profit of associates and joint ventures .....                                          | (18,169)                             | (12,766)           |
| <b>PROFIT / (LOSS) BEFORE INCOME TAX</b> .....                                                  | <b>(167,781)</b>                     | <b>(2,929,953)</b> |
| Income tax .....                                                                                | 158,966                              | 1,068,562          |
| <b>PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b> .....                               | <b>(8,816)</b>                       | <b>(1,861,390)</b> |
| Profit / (loss) after income tax from discontinued operations .....                             | (31,327)                             | (34,606)           |
| <b>PROFIT / (LOSS) AFTER TAX</b> .....                                                          | <b>(40,143)</b>                      | <b>(1,895,996)</b> |
| <b>From continuing operations</b>                                                               |                                      |                    |
| Profit / (loss) attributable to equity holders of the parent entity .....                       | (3,664)                              | (1,858,220)        |
| Non controlling interest .....                                                                  | (5,151)                              | (3,170)            |
| <b>From discontinued operations</b> .....                                                       |                                      |                    |
| Profit / (loss) attributable to equity holders of the parent entity .....                       | (31,322)                             | (34,628)           |
| Non controlling interest.....                                                                   | (5)                                  | 22                 |
| <b>Earnings/ (Losses) per share attributable to equity holders of the parent entity (in €):</b> |                                      |                    |
| From continuing operations                                                                      |                                      |                    |
| – Basic and Diluted.....                                                                        | (0.0004)                             | (0.8369)           |
| From discontinued operations                                                                    | (0.0036)                             |                    |

**CONSOLIDATED INCOME STATEMENT**

**Year ended  
31 December**

**2016      2015**

**Amounts  
in thousand euros**

– Basic and Diluted.....

(0.0156)

**CONSOLIDATED INTERIM INCOME STATEMENT**

|                                                                                                 | Period from<br>1 January to  |                  |
|-------------------------------------------------------------------------------------------------|------------------------------|------------------|
|                                                                                                 | 31 March<br>2017             | 31 March<br>2016 |
|                                                                                                 | Amounts<br>in thousand euros |                  |
| Interest and similar income.....                                                                | 596,336                      | 661,293          |
| Interest expense and similar charges.....                                                       | (156,064)                    | (213,839)        |
| <b>NET INTEREST INCOME.....</b>                                                                 | <b>440,273</b>               | <b>447,455</b>   |
| Fee and Commission income .....                                                                 | 91,983                       | 83,214           |
| Fee and Commission expense .....                                                                | (10,972)                     | (9,591)          |
| <b>NET FEE AND COMMISSION INCOME.....</b>                                                       | <b>81,011</b>                | <b>73,623</b>    |
| Dividend income .....                                                                           | 157                          | 57               |
| Net income from financial instruments designated at fair value through profit or loss .....     | 9,590                        | 9,091            |
| Results from investment securities .....                                                        | 22,166                       | (3,293)          |
| Other results .....                                                                             | (1,539)                      | 10,132           |
| <b>TOTAL NET INCOME .....</b>                                                                   | <b>551,659</b>               | <b>537,065</b>   |
| Staff costs .....                                                                               | (144,423)                    | (151,596)        |
| Administrative expenses.....                                                                    | (122,818)                    | (126,802)        |
| Depreciation and amortisation .....                                                             | (26,729)                     | (26,629)         |
| <b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS .....</b>                                         | <b>(293,969)</b>             | <b>(305,028)</b> |
| <b>PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX .....</b>                                | <b>257,690</b>               | <b>232,037</b>   |
| Impairment losses on loans and advances to customers.....                                       | (258,457)                    | (259,251)        |
| Impairment losses on other assets .....                                                         | (7,286)                      | (4,432)          |
| Other provisions and impairment.....                                                            | (4,231)                      | (6,756)          |
| Share of profit of associates and joint ventures .....                                          | (7,125)                      | (298)            |
| <b>PROFIT / (LOSS) BEFORE INCOME TAX.....</b>                                                   | <b>(19,410)</b>              | <b>(38,699)</b>  |
| Income tax .....                                                                                | 12,927                       | 2,908            |
| <b>PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS ....</b>                           | <b>(6,483)</b>               | <b>(35,792)</b>  |
| Profit / (loss) after income tax from discontinued operations .....                             | (1,328)                      | (8,345)          |
| <b>PROFIT / (LOSS) FOR THE PERIOD.....</b>                                                      | <b>(7,811)</b>               | <b>(44,137)</b>  |
| <b>From continuing operations</b>                                                               |                              |                  |
| Profit / (loss) attributable to equity holders of the parent entity .....                       | (6,035)                      | (35,334)         |
| Non controlling interest .....                                                                  | (448)                        | (457)            |
| <b>From discontinued operations</b>                                                             |                              |                  |
| Profit / (loss) attributable to equity holders of the parent entity .....                       | (1,421)                      | (8,452)          |
| Non controlling interest .....                                                                  | 93                           | 107              |
| <b>Earnings/ (Losses) per share attributable to equity holders of the parent entity (in €):</b> |                              |                  |
| From continuing operations                                                                      |                              |                  |
| – Basic and Diluted.....                                                                        | (0.0007)                     | (0.0040)         |
| From discontinued operations                                                                    |                              |                  |
| – Basic and Diluted.....                                                                        | (0.0002)                     | (0.0010)         |

## 14. Statement of Financial Position

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                                    | As at                            |                                    |                     |
|--------------------------------------------------------------------|----------------------------------|------------------------------------|---------------------|
|                                                                    | 31 March<br>2017 <sup>(1)</sup>  | 31 December<br>2016 <sup>(2)</sup> | 2015 <sup>(2)</sup> |
|                                                                    | <b>Amounts in thousand euros</b> |                                    |                     |
| <b>ASSETS</b>                                                      |                                  |                                    |                     |
| Cash and balances with Central Banks.....                          | 2,820,786                        | 3,071,788                          | 3,644,821           |
| Loans and advances to credit institutions.....                     | 159,092                          | 118,859                            | 179,523             |
| Financial assets at fair value through<br>profit or loss .....     | 213,844                          | 193,861                            | 240,398             |
| Derivative financial instruments - assets .....                    | 423,018                          | 445,645                            | 437,678             |
| Reverse repos with customers .....                                 | 24,770                           | 30,005                             | 641                 |
| Loans and advances to customers.....                               | 47,416,932                       | 49,707,608                         | 50,591,193          |
| Available for sale securities                                      | 3,115,155                        | 2,740,246                          | 2,739,687           |
| Debt securities - receivables .....                                | 10,525,616                       | 13,246,257                         | 16,985,336          |
| Held to maturity.....                                              | 3,299                            | 6,634                              | 182                 |
| Assets held for sale .....                                         | 4,456                            | 2,494                              | 34,089              |
| Investment property.....                                           | 1,249,152                        | 1,208,647                          | 1,035,911           |
| Investments in associated undertakings and joint ventures<br>..... | 254,639                          | 232,637                            | 297,738             |
| Property and equipment .....                                       | 1,053,355                        | 1,498,411                          | 1,474,160           |
| Intangible assets.....                                             | 276,223                          | 281,965                            | 274,159             |
| Deferred tax assets.....                                           | 5,330,102                        | 5,318,348                          | 5,074,769           |
| Other assets .....                                                 | 3,250,034                        | 3,394,568                          | 3,329,277           |
| Assets from discontinued operations.....                           | 526,825                          | 2,562                              | 1,594,414           |
| <b>TOTAL ASSETS .....</b>                                          | <b>76,647,299</b>                | <b>81,500,534</b>                  | <b>87,933,978</b>   |
| <b>LIABILITIES</b>                                                 |                                  |                                    |                     |
| Due to credit institutions .....                                   | 23,679,667                       | 27,020,940                         | 34,490,583          |
| Due to customers.....                                              | 40,960,361                       | 42,364,829                         | 39,357,642          |
| Financial liabilities at fair value through profit or loss ...     | 11,051                           | -                                  | 2,499               |
| Derivative financial instruments - liabilities .....               | 433,110                          | 461,676                            | 445,819             |
| Debt securities in issue .....                                     | 67,954                           | 69,515                             | 102,314             |
| Current income tax liabilities.....                                | 17,407                           | 44,582                             | 51,737              |
| Deferred tax liabilities .....                                     | 38,480                           | 47,061                             | 31,499              |
| Retirement benefit obligations .....                               | 190,139                          | 196,634                            | 192,780             |
| Other provisions.....                                              | 65,031                           | 67,211                             | 182,500             |
| Other liabilities .....                                            | 1,286,049                        | 1,402,867                          | 1,571,196           |
| Liabilities from discontinued operations.....                      | 98,919                           | 1,483                              | 1,484,883           |
| <b>TOTAL LIABILITIES .....</b>                                     | <b>66,848,168</b>                | <b>71,676,796</b>                  | <b>77,913,452</b>   |
| <b>EQUITY</b>                                                      |                                  |                                    |                     |
| Share capital (ordinary shares)                                    | 2,619,955                        | 2,619,955                          | 2,619,955           |
| Share premium                                                      | 13,074,688                       | 13,074,688                         | 13,074,688          |
| Contingent convertible securities                                  | 2,040,000                        | 2,040,000                          | 2,040,000           |

|                                                                                       |                          |                          |                          |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Less: Treasury shares                                                                 | <u>(1,235)</u>           | <u>(842)</u>             | <u>(460)</u>             |
| Other reserves                                                                        | <u>(57,115)</u>          | <u>(65,845)</u>          | <u>14,096</u>            |
| Retained earnings                                                                     | <u>(8,012,236)</u>       | <u>(8,004,333)</u>       | <u>(7,840,635)</u>       |
| <b>Capital and reserves attributable to equity holders of the parent entity .....</b> | <b><u>9,664,057</u></b>  | <b><u>9,663,623</u></b>  | <b><u>9,907,644</u></b>  |
| Non controlling interest .....                                                        | <u>135,074</u>           | <u>160,115</u>           | <u>112,882</u>           |
| <b>TOTAL EQUITY .....</b>                                                             | <b><u>9,799,131</u></b>  | <b><u>9,823,738</u></b>  | <b><u>10,020,526</u></b> |
| <b>TOTAL LIABILITIES AND EQUITY .....</b>                                             | <b><u>76,647,299</u></b> | <b><u>81,500,534</u></b> | <b><u>87,933,978</u></b> |

- (1) The financial information has been extracted from the unaudited IFRS consolidated Statement of Financial Position for the three months ended 31 March 2017.
- (2) The financial information has been extracted from the audited IFRS consolidated Statement of Financial Position for the year end 31 December 2016.

## 15. Summary Consolidated Cash Flow Statement

| CONSOLIDATED CASH FLOW STATEMENT                                                                 | Year ended<br>31 December    |                  |
|--------------------------------------------------------------------------------------------------|------------------------------|------------------|
|                                                                                                  | 2016                         | 2015             |
|                                                                                                  | Amounts in<br>thousand euros |                  |
| Cash flows from operating activities from continuing operations                                  |                              |                  |
| Profit/ (Loss) before tax .....                                                                  | (167,781)                    | (2,929,953)      |
| Adjustments to profit/ (loss) before tax:                                                        |                              |                  |
| Add: Provisions and impairment.....                                                              | 1,193,597                    | 3,837,613        |
| Add: Depreciation and amortisation charge .....                                                  | 110,611                      | 111,778          |
| Add: Retirement benefits and estimated cost of voluntary exit scheme                             | 14,505                       | 133,191          |
| (Gains)/losses from valuation financial instruments at fair value through profit or loss .....   | 35,350                       | 103,660          |
| (Gains)/losses from investing activities .....                                                   | (21,998)                     | (15,826)         |
| <b>Cash flows from operating profits before changes in operating assets and liabilities.....</b> | <b>1,164,284</b>             | <b>1,240,463</b> |
| Changes in operating assets and liabilities:                                                     |                              |                  |
| Net (increase)/decrease in cash and balances with Central Banks ....                             | 372,393                      | (331,900)        |
| Net (increase)/decrease in financial instruments at fair value through profit or loss .....      | 37,424                       | 74,557           |
| Net (increase)/decrease in debt securities - receivables.....                                    | 3,757,435                    | 8,599            |
| Net (increase)/decrease loans and advances to credit institutions .....                          | 8,541                        | (13,638)         |
| Net (increase)/decrease in loans and advances to customers.....                                  | (141,058)                    | 1,963,344        |
| Net (increase)/decrease in reverse repos with customers .....                                    | (29,364)                     | 63,658           |
| Net (increase)/decrease in other assets.....                                                     | 221,154                      | (348,252)        |
| Net increase/(decrease) in amounts due to credit institutions.....                               | (7,477,429)                  | 10,727,463       |
| Net increase/(decrease) in liabilities at fair value through profit or loss                      | (2,514)                      | 513              |
| Net increase/(decrease) in amounts due to customers.....                                         | 2,956,480                    | (14,186,400)     |
| Net increase (decrease) in other liabilities.....                                                | (329,251)                    | 301,213          |
| <b>Net cash flow from operating activities before income tax payment</b>                         | <b>(538,094)</b>             | <b>(500,382)</b> |
| Income tax paid .....                                                                            | (16,309)                     | (19,317)         |

|                                                                                                                   | Year ended<br>31 December            |                  |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                                                                   | 2016                                 | 2015             |
|                                                                                                                   | <b>Amounts in<br/>thousand euros</b> |                  |
| <b>Net cash inflow/(outflow) from continuing operating activities....</b>                                         | <b>521,786</b>                       | <b>(519,699)</b> |
| Cash flows from investing activities of continuing operations                                                     |                                      |                  |
| Purchases of property, plant and equipment.....                                                                   | (318,317)                            | (257,372)        |
| Sales of property, plant and equipment .....                                                                      | 45,372                               | 44,106           |
| Purchases of intangible assets.....                                                                               | (31,198)                             | (36,702)         |
| Purchases of assets held for sale.....                                                                            | (4,121)                              | (12,270)         |
| Sales of assets held for sale.....                                                                                | 20,381                               | 10,024           |
| Purchases of investment securities .....                                                                          | (7,071,351)                          | (8,557,045)      |
| Disposals/ maturity of investment securities.....                                                                 | 7,086,478                            | 8,277,097        |
| Acquisition of subsidiaries excluding cash & cash equivalents acquired                                            | (1)                                  | (43,905)         |
| Sales of subsidiaries excluding cash and balances sold .....                                                      | (289,879)                            | (134,795)        |
| Establishment, acquisition and participation in share capital increases of<br>associates and joint ventures ..... | (14,868)                             | (58,887)         |
| Sale of associates.....                                                                                           | 11,436                               | 32,563           |
| Dividends received .....                                                                                          | 8,788                                | 8,197            |
| <b>Net cash inflow/ (outflow) from continuing investing activities ...</b>                                        | <b>(557,280)</b>                     | <b>(728,989)</b> |
| Cash flows from financing activities of continuing operations                                                     |                                      |                  |
| Net proceeds from issue/ (repayment) of debt securities and other<br>borrowed funds.....                          | (47,273)                             | (346,143)        |
| Increase of share capital.....                                                                                    | -                                    | 1,340,000        |
| Share capital increase expenses.....                                                                              | -                                    | (130,915)        |
| Purchases/ sales of treasury shares and pre-emption rights .....                                                  | (524)                                | (1,873)          |
| Payment to the holders of contingent convertible securities .....                                                 | (165,920)                            | -                |
| Other cash flows from financing activities .....                                                                  | -                                    | 21,519           |
| <b>Net cash inflow/ (outflow) from continuing financing activities ...</b>                                        | <b>(213,717)</b>                     | <b>882,589</b>   |
| Effect of exchange rate changes on cash and cash equivalents .....                                                | (6,510)                              | 4,897            |
| <b>Net increase /(decrease) in cash and cash equivalents from<br/>continuing activities (A) .....</b>             | <b>(255,721)</b>                     | <b>(361,202)</b> |
| Net cash flows from discontinued operating activities.....                                                        | (188,496)                            | 193,580          |
| Net cash flows from discontinued investing activities.....                                                        | (17,583)                             | (220,596)        |
| Net cash flows from discontinued financing activities .....                                                       | -                                    | -                |
| Exchanged difference of cash and cash equivalents .....                                                           | (6)                                  | (2,459)          |
| <b>Net increase /(decrease) in cash and cash equivalents from<br/>discontinued activities (B).....</b>            | <b>(206,086)</b>                     | <b>(29,475)</b>  |
| <b>Cash and cash equivalents at the beginning of the year (C) .....</b>                                           | <b>2,276,758</b>                     | <b>2,664,133</b> |
| Cash and cash equivalents at the acquisition date, of assets and<br>liabilities of Panellinia Bank (D) .....      | 0                                    | 3,303            |
| <b>Cash and cash equivalents at the end of the year<br/>(A) + (B) + (C) + (D) .....</b>                           | <b>1,814,951</b>                     | <b>2,276,758</b> |

## CONSOLIDATED INTERIM CASH FLOW STATEMENT

Period from 1 January to  
31 March

|                                                                                                          | 2017                         | 2016           |
|----------------------------------------------------------------------------------------------------------|------------------------------|----------------|
|                                                                                                          | Amounts in<br>thousand euros |                |
| Cash flows from operating activities from continuing operations                                          |                              |                |
| Profit/ (Loss) before tax .....                                                                          | (19,410)                     | (38,699)       |
| Adjustments to profit/ (loss) before tax:                                                                |                              |                |
| Add: Provisions and impairment .....                                                                     | 269,975                      | 270,439        |
| Add: Depreciation and amortisation charge .....                                                          | 26,729                       | 26,629         |
| Add: Retirement benefits .....                                                                           | 1,074                        | 3,711          |
| (Gains)/losses from valuation of financial instruments at fair value<br>through profit or loss .....     | (518)                        | 2,221          |
| (Gains)/losses from investing activities .....                                                           | 6,197                        | 3,647          |
| <b>Cash flows from operating activities before changes in operating<br/>assets and liabilities .....</b> | <b>284,046</b>               | <b>267,948</b> |
| Changes in operating assets and liabilities:                                                             |                              |                |
| Net (increase)/decrease in cash and balances with Central Banks ....                                     | 118,742                      | 262,333        |
| Net (increase)/decrease in financial instruments at fair value through<br>profit or loss .....           | (13,449)                     | (17,204)       |
| Net (increase)/decrease in debt securities - receivables .....                                           | 2,720,719                    | (13,881)       |
| Net (increase)/decrease loans and advances to credit institutions .....                                  | 239                          | 1,827          |
| Net (increase)/decrease in loans and advances to customers .....                                         | 2,006,098                    | 1,471,146      |
| Net (increase)/decrease in reverse repos with customers .....                                            | 5,235                        | (16,259)       |
| Net (increase)/decrease in other assets .....                                                            | 513                          | (56,773)       |
| Net increase /(decrease) in amounts due to credit institutions .....                                     | (3,341,273)                  | (631,690)      |
| Net increase /(decrease) in liabilities at fair value through profit or loss                             | 11,051                       | (2,332)        |
| Net increase (decrease) in amounts due to customers .....                                                | (1,404,468)                  | (1,040,804)    |
| Net increase (decrease) in other liabilities .....                                                       | (68,736)                     | (150,733)      |
| <b>Net cash flow from operating activities before income tax payment</b>                                 | <b>318,717</b>               | <b>73,579</b>  |
| Income tax paid .....                                                                                    | (3)                          | (47)           |

**Period from 1 January to  
31 March**

|                                                                                                        | <b>2017</b>                          | <b>2016</b>      |
|--------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                                                        | <b>Amounts in<br/>thousand euros</b> |                  |
| <b>Net cash inflow /(outflow) from continuing operating activities...</b>                              | <b>318,714</b>                       | <b>73,532</b>    |
| Cash flows from investing activities of continuing operations                                          |                                      |                  |
| Purchases of property, plant and equipment.....                                                        | (28,849)                             | (23,073)         |
| Sales of property, plant and equipment .....                                                           | 535                                  | 10,371           |
| Purchases of intangible assets.....                                                                    | (6,164)                              | (4,520)          |
| Purchases of assets held for sale.....                                                                 | (2,316)                              | (784)            |
| Sales of assets held for sale.....                                                                     | 318                                  | 18,681           |
| Purchases of investment securities.....                                                                | (1,694,646)                          | (1,281,428)      |
| Disposals/ maturity of investment securities.....                                                      | 1,342,885                            | 1,347,795        |
| Participation in share capital increases of associates and joint ventures                              | (119)                                | (889)            |
| Dividends received .....                                                                               | 154                                  | 55               |
| <b>Net cash inflow /(outflow) from continuing investing activities ...</b>                             | <b>(388,202)</b>                     | <b>66,208</b>    |
| Cash flows from financing activities of continuing operations                                          |                                      |                  |
| Net proceeds from issue/ (repayment) of debt securities and other<br>borrowed funds.....               | (5,925)                              | (10,390)         |
| (Purchases)/ sales of treasury shares and pre-emption rights.....                                      | (357)                                | 372              |
| <b>Net cash inflow/ (outflow) from continuing financing activities ...</b>                             | <b>(6,282)</b>                       | <b>(10,018)</b>  |
| Effect of exchange rate changes on cash and cash equivalents .....                                     | (3,565)                              | (5,511)          |
| <b>Net increase /(decrease) in cash and cash equivalents from<br/>continuing activities (A) .....</b>  | <b>(79,334)</b>                      | <b>124,212</b>   |
| Net cash flows from discontinued operating activities.....                                             | 21,479                               | 23,135           |
| Net cash flows from discontinued investing activities.....                                             | (10,578)                             | (43,261)         |
| Net cash flows from discontinued financing activities .....                                            | -                                    | -                |
| Exchange difference of cash and cash equivalents .....                                                 | (6)                                  | 35               |
| <b>Net increase /(decrease) in cash and cash equivalents from<br/>discontinued activities (B).....</b> | <b>10,895</b>                        | <b>(20,090)</b>  |
| <b>Cash and cash equivalents at beginning of the period (C).....</b>                                   | <b>1,814,951</b>                     | <b>2,276,758</b> |
| <b>Cash and cash equivalents at the end of the period<br/>(A) + (B) + (C) .....</b>                    | <b>1,746,512</b>                     | <b>2,380,880</b> |

## **16. Greek Liquidity Support Scheme**

Piraeus Bank participates in the Hellenic Republic's Scheme for the liquidity support of the Greek economy as contemplated in Greek Law 3723/2008, as in force. The types of support the Bank has access to, through the three Pillars provided in the aforementioned law, are as follows:

### *First Pillar – Preference Shares*

On 14 May 2009, an agreement was signed between Piraeus Bank and the Greek State, whereby the latter acquired 77,568,134 preferred non-voting shares, issued by the Bank and having a nominal value of €4.77 each for €370 million, within the framework Greek Law 3723/2008, as in force. In addition, on 23 December 2011, the shareholders' meeting resolved upon the Bank's share capital increase and the cancellation of the pre-emption rights of the existing shareholders in favour of the Greek State, by contribution in kind, in accordance with the provisions of the same Greek Law 3723/2008, as in force. The share capital increase by €379,999,999.80 was concluded on 30 December 2011 with the issuance of 1,266,666,666 new preferred shares to the Hellenic Republic, having a nominal value of €0.30 each. In accordance with the current regulatory framework, the issued shares have been classified as Core Tier I capital. On 21 May 2014 the Bank fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I of Greek Law 3723/2008, as in force) in the amount of €750.0 million, issued to the latter by the Bank.

### *Second Pillar – Bonds guaranteed by the Hellenic Republic*

Within the scope of article 2 of Greek Law 3723/2008, as in force, Piraeus Bank has issued bonds guaranteed by the Hellenic Republic amounting in total to €1,750,000,000 as of 31 March 2016, which have been retained by the Bank itself. These bonds constituted eligible collateral for the ECB's and/or the BoG's refinancing operations. However, in early February 2015, the ECB decided not to accept Greek bonds issued or guaranteed by the Hellenic Republic as collateral for refinancing by the ECB. Subsequently since then, these bonds are only accepted as ELA collateral. Piraeus Bank's utilisation of Second Pillar government guaranteed bonds was €10.4 billion at 31 December 2015. At 30 April 2016, Piraeus Bank redeemed the last remaining bonds issued with the guarantee of the Hellenic Republic under the Second Pillar, used by the Bank for liquidity purposes. There are no bonds currently outstanding issued by Piraeus Bank under the Hellenic Republic guarantee scheme, as per article 2 of Greek Law 3723/2008, as in force. As a result, Piraeus Bank is no longer subject to the general provisions of the Hellenic Republic support scheme.

### *Third Pillar – Lending of Special (Greek Government Bonds ("Special Bonds"))*

Pursuant to article 3 of Greek Law 3723/2008, as in force, the amount of €1,024,000,000.00 of Special Bonds was lent to the Bank by the Hellenic Republic, so that the Bank had access to the refinancing actions of ECB. The above amount includes the amount of €424,000,000 originally lent to the Bank and an amount of €600,000,000 that was transferred to the Bank as part of the ATEbank Acquisition. The bonds matured according to their original terms in April 2013. New Special Bonds in the amount of €1,024,000,000 were subsequently lent to the Bank with an expected maturity in April 2016. In June 2014, the Hellenic Republic lent a further amount of €1,214,000,000 of the new Special Bonds with the same terms and conditions and an expected maturity in April 2016.

On 30 September 2015 the total amount of special securities of aggregate nominal value of €2.2 billion that Piraeus Bank had received as part of Pillar III of Greek Law 3723/2008, as in force, were returned to the Public Debt Management Agency. The mentioned securities had been provided to Piraeus Bank in return for assigning loan claims as collateral by virtue of a bilateral agreement executed between Piraeus Bank and the Greek State with maturity on 22 April 2016.

The liquidity obtained through the above Pillars 2 and 3 was used for the funding of mortgage loans and loans to SMEs and for the funding of enterprises of vital importance for the development of the country, respectively.

#### **17. Recent Developments (since 31 December 2016)**

- On 3 January 2017, with regards to the exercise process of the titles representing share ownership rights (“Warrants”), the Bank announced that no Warrant on shares issued by the Bank and owned by the HFSF had been exercised. Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.
- On 26 January 2017, the Bank announced that following the agreement with Wert Red Sarl conducted in June 2016 regarding the sale of its equity stake in Trastor REIC, and the completion of the latter’s share capital increase without Piraeus Bank’s participation, the Bank’s equity stake in Trastor had reduced to 39.4 per cent. from 57.9 per cent.. Following the completion of the company’s share capital increase, Wert Red Sarl is managing the company.
- During January 2017, within the framework of the ECB’s Quantitative Easing Programme, Piraeus Bank sold bonds worth €0.75 billion in nominal value. After 23 January 2017, Greek banks’ participation in the program stopped, because of a binding letter of participation in the bond exchange programme, within the framework of the short-term measures for the relief of Greek public debt, where the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds was initiated. Notes of a nominal value of € 7 billion have been exchanged by the Bank initially with new ESM bonds from February until July 2017, before finally being redeemed for cash, reducing proportionally the Bank’s outstanding balances.
- On 16 February 2017, within the framework of its Covered Bond programme, Piraeus Bank issued €1.0 billion through a new third series of Covered Bonds collateralised against a pool of Greek residential mortgages. The Covered Bonds are floating rate, bearing a coupon of three-month Euribor + 150bps. The issue was retained by the Bank and it is planned to be used as collateral for providing liquidity in the interbank repo market.
- On 22 February 2017, Piraeus Bank announced the following resignations from its Board of Directors: Mr. Apostolos Tamvakakis, First Vice-Chairman, Independent Non-Executive Member, Mr. Stavros Lekkakos, Second Vice-Chairman, Non-Executive Member, and Ms. Charikleia Apalagaki, Authorised Executive Director, Executive Member. The BoD was reconstituted as a corporate body on 22 February 2017 electing Mr. Iakovos Georganas as First Vice Chairman of the Board, Non-Executive Member, and Mr. Karel De Boeck as Second Vice-Chairman of the Board, Independent Non-Executive Member.
- Piraeus Bank announced that its Board of Directors at its meeting of 8 March 2017, unanimously elected Mr. Christos Megalou as executive member thereof and appointed him as the new CEO of the Bank.
- On 29 March 2017 the draft bill “Incorporation to the national legislation of Directive 2014/92/EU of the European Council of 23 July, 2014 regarding the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features and other provisions” was voted by the Greek Parliament and is awaiting publication in the Government Gazette - which amends article 27A of the new Income Tax Code (L.4172/2013) and regulates the accounting and supervisory treatment of deferred tax assets that have already been recognized (and may under certain circumstances be converted to a definite and net receivable) from credit institutions and the entities which are supervised by the Bank of Greece, or where appropriate by the Single

Supervisory Mechanism, in a manner compatible to the loan write-offs and loan restructuring of their borrowers. More specifically, in the provisions of article 27A under amendment, it is clearly stipulated that apart from the deferred tax receivables which relate to the accumulated impairments and other provisions due to credit losses as well as the remaining un-amortised balance of PSI losses, the deferred tax receivables which relate to accounting write-offs and permanent losses due to definitive write-offs or sale of loans, may be converted under certain circumstances to a definite and net receivable against the State and through that way be counted in the credit institution's regulatory capital. The provisions under amendment are applicable from 1 January 2016.

- On 27 April 2017 the European Investment Fund has signed two new agreements with Piraeus Bank, which will provide €270 million to over 1,000 SMEs and small Midcaps active in all business sectors across the country.
- Within the framework of the short-term measures for the relief of Greek public debt, where the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds was initiated, notes with a nominal value of €3.9 billion held by the Bank were exchanged with new bonds from February until May 2017.
- On 24 May 2017, Piraeus Bank Group, under its new Chief Executive Officer Christos Megalou, announced its new Strategic Plan to be fully implemented by 2020 entitled "Agenda 2020".
- On 28 June 2017, the Ordinary General Meeting of the Shareholders of Piraeus Bank was held and elected the new Board of Directors, among other resolutions adopted.
- Piraeus Bank announced on 26 July 2017 the reverse split of its common shares and the increase of its common shares' nominal value following the resolution of the Annual General Meeting of Shareholders of the Bank, convened on 28 June 2017.

More specifically it was resolved: a) to increase the nominal value of each ordinary share of the Bank from €0.30 to €6.00 and the simultaneous reduction of the total number of ordinary shares of the Bank from 8,733,183,280 to 436,659,164 (reverse split) at a rate of one (1) new common share in replacement of twenty (20) old common shares of the Bank, b) to proceed without issuance of share fractions; the divestment by the Bank of the fractional rights of the shares arising from the reverse split and the return of the proceeds of liquidation to the respective shareholders and c) the relevant to the above amendment of articles 5 and 27 of the Articles of Association.

In the context of the above decision, the Bank's share capital remains unchanged versus pre reverse split status, thus at €2,619,954,984 divided into 436,659,164 common registered voting shares of a nominal value of €6.00 each.

The Decision no. 80874/20.07.2017 of the Hellenic Ministry of Finance & Development, registered in the General Commercial Register on 20 July 2017, approved the said amendment of articles 5 and 27 of the Bank's Articles of Association.

On 26 July 2017, the Stock Markets Steering Committee of Hellenic Exchanges - Athens Stock Exchange approved the listing for trading of the said 436,659,164 new common registered shares, each of a nominal value of €6.00, in replacement of the existing 8,733,183,280 common registered shares (as detailed above).

The commencement date for trading on the ATHEX of the 436,659,164 new common registered shares was 3 August 2017.

As of the same date, the new aggregate number of Piraeus Bank's shares listed on the ATHEX amount to 436,659,164 new common registered shares.

Pursuant to the relevant provisions of the Cabinet Act no. 38/2012 and article 8, paragraph 6 of Greek law 3864/2010, as both in force, the increase of the nominal value of the shares by decreasing the total number of existing shares (Reverse split) result in adjustments of the number of shares corresponding to each Warrant, and/or of the Warrant strike price.

- On 28 July 2017, with regards to Warrants, the Bank announced that further to the increase of the nominal value of each ordinary share of the Bank from €0.30 to €6.00 and the simultaneous reduction of the total number of ordinary shares of the Bank from 8,733,183,280 shares to 436,659,164 (Reverse Split), pursuant to the resolution of the Annual General Meeting of Shareholders of the Bank dated 28 June 2017, the number of shares corresponding to each Warrant and the exercise price of each Warrant were adjusted as follows:

|                                                                                                 |                     |
|-------------------------------------------------------------------------------------------------|---------------------|
| <b>MULTIPLIER</b><br>(number of Piraeus Bank shares corresponding to the exercise of 1 Warrant) | 0.00223788666978355 |
| <b>EXERCISE PRICE</b><br>(in Euro)                                                              |                     |
| 9th exercise                                                                                    | €4,284              |

## ALTERNATIVE PERFORMANCE MEASURES

The following metrics are considered by the Issuers to be Alternative Performance Measures (“APMs”) as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures.

| <b>Metric</b>                                                 | <b>Definition/Rationale</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Adjusted loans and advances to customers”                    | Loans and advances to customers adjusted for the seasonal loan to OPEKEPE - Payment Authority of Common Agricultural Policy (C.A.P.) Aid Schemes over amounts due to customers. Loans and advances to customers have been adjusted for an amount of € 1.7 billion for 31.12.2016 and € 1.0 billion for 31.12.2015.                                                                                                                                                                                                                                                             |
| “Non-Performing Loans” or “NPLs”                              | Loans and advances to customers in arrears over 90 days past due.<br><br>Non-Performing Loans have had and may continue to have an adverse impact on the Bank’s liquidity.                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Non-Performing Loans Ratio” or “NPL Ratio”                   | Non-Performing Loans over loans and advances to customers before allowances for loan losses.<br><br>This indicator reflects the percentage of loans and advances to customers before allowances for loan losses which are Non-Performing Loans.                                                                                                                                                                                                                                                                                                                                |
| “Adjusted Non-Performing Loans Ratio” or “Adjusted NPL Ratio” | Non-Performing Loans over Adjusted loans and advances to customers.<br><br>This indicator reflects the percentage of adjusted loans and advances to customers before allowances for loan losses which are Non-Performing Loans.                                                                                                                                                                                                                                                                                                                                                |
| “Non-Performing Exposures” or “NPEs”                          | On and off balance sheet credit exposures that are: (a) past due over 90 days; (b) impaired or those in relation to which the debtor is deemed as unlikely to repay its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days; (c) forborne and still within the probation period under EBA rules; or (d) subject to contagion from (a) under EBA rules.<br><br>Non-Performing Exposures have had and may continue to have an adverse impact on the Bank’s financial condition and operations. |
| “cost-to-income ratio”                                        | Total operating expenses net of impairments on a recurring basis (excluding the extraordinary expense of year 2015 for the employee retirement scheme, amounting to €110 million) over total net revenues on a recurring basis (excluding the                                                                                                                                                                                                                                                                                                                                  |

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                 | <p>extraordinary revenue from participation in VISA, as a result of the sale of VISA Europe to Visa Inc. on 21 June 2016, amounting to €77 million).</p> <p>This indicator reflects the Group's costs in relationship to its income and gives a view of how efficiently the Group is being run.</p>                                        |
| <p>"coverage ratio of Non-Performing Loans by allowance for loan losses on loans and advances to customers"</p> | <p>Allowance for loan losses on loans and advances to customers over Non-Performing Loans.</p> <p>This indicator reflects the percentage of Non – Performing Loans that are covered with the allowance for loan losses on loans and advances to customers at the reporting date.</p>                                                       |
| <p>"pre-provision income"</p>                                                                                   | <p>Profit before provisions, impairment and income tax.</p> <p>This indicator reflects the amount of income the Group earns before taking into account funds set aside to provide for future bad debts.</p>                                                                                                                                |
| <p>"Total allowance for loan losses on loans and advances to customers"</p>                                     | <p>Allowance for loan losses on loans and advances to customers over loans and advances to customers.</p> <p>This indicator reflects the percentage of loans and advances to customers before allowances for loan losses that are covered with the allowance for loan losses on loans and advances to customers at the reporting date.</p> |
| <p>"loans and advances to customers to due to customers ratio"</p>                                              | <p>Loans and advances to customers after allowances for loan losses over amounts due to customers.</p> <p>This indicator reflects the Group's liquidity to cover any unforeseen funding requirements or economic crises.</p>                                                                                                               |

## THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE

### The Structure of the Banking Sector in Greece and Recent Developments

The banking sector in Greece expanded rapidly in the decade from 2000-2010 due to deregulation, Greece's entry into the Eurozone and technological advances. The growth of the sector was the result of both organic expansion and mergers and acquisitions primarily in the wider region of South east Europe, where Greek banks operate. Nevertheless, as a result of the international financial crisis beginning in 2008, and the emergence of the fiscal crisis in Greece in the last quarter of 2009, the Greek banking system has undergone particularly challenging conditions. As a result of the deteriorating fiscal condition in Greece, international credit rating agencies have downgraded the credit ratings of the Hellenic Republic, adversely affecting the credit ratings of Greek banks.

The liquidity and capital base of Greek banks has been materially and adversely affected by:

- uncertainty regarding Greece's continued participation in the Eurozone and ensuing reduction in deposits;
- successive downgrades of the credit ratings of the Hellenic Republic;
- the restructuring of the public debt through participation of the private sector;
- their inability to access the international markets and the significant outflow of deposits;
- the deterioration of the quality of the loan portfolios of Greek banks as a result of the economic contraction in Greece since 2008 with the exception of a marginal real GDP recovery (0.4 per cent.) in 2014 and the stability of Greek GDP in 2016 (0.0 per cent.)
- limitations to regular Eurosystem financing facilities arising mainly from credit rating status and collateral pool and other factors.

These factors have exercised significant pressure on Greek banks, affecting their liquidity and capital base and posing a threat to the stability of the Greek banking system.

The Bank of Greece and the Greek government have adopted a series of actions to protect the financial stability and safety of customer deposits, including: covering the short term liquidity needs of banks by providing the possibility of recourse to the ELA mechanism; ensuring the adequacy of public resources available to cover the required recapitalisation and the cost of restructuring the Greek banking sector between 2013 and 2015 (the "Financial Envelope") estimated to be €53 billion; the rehabilitation of weak banks; and a requirement that all Greek banks increase their capital base to a conservatively estimated adequate level. During this process, the European Commission, the ECB and the IMF (the "Institutions") offered guidance and assistance ensuring the consistency of the implementation with the purposes of the First Economic Adjustment Programme.

In March 2012, the Bank of Greece prepared a strategic review of the banking sector. The review evaluated the sustainability prospects of banks by applying a wide set of supervisory and operational criteria and using financial and supervisory data, as well as data from the BlackRock Diagnostic Assessment I of the Greek banking sector commissioned by the Bank of Greece. The results of the review concluded that Greece had four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank), which were deemed fit to receive public support. The Bank of Greece in May 2012 estimated that the aggregate capital required to support all Greek banks so as to meet the minimum required levels of Core Tier I capital from 2012 to 2014, was €40.5 billion, out of which €27.5 billion was estimated to be

required for the four systemic banks. The Bank's capital needs were estimated to be €7.335 billion. The Bank of Greece reconfirmed these estimates in October 2012 and December 2012 and used them as the basis for determining that €50 billion would be necessary and adequate to cover the recapitalisation and restructuring costs of the Greek banking sector. The recapitalisation plan for the systemic banks was established by Greek Law 3864/2010, as in force, and Cabinet Act No. 15, dated 3 May 2012, and Cabinet Act No. 38, dated 9 November 2012 (the "Recapitalisation Plan").

On 6 March 2014, following a second diagnostic assessment by BlackRock in line with Bank of Greece guidelines, the Bank of Greece published the capital requirements for each of the Greek banks. The key drivers of the capital requirements were the expected life time loan loss provisions, based on the asset quality review in the context of the BlackRock Diagnostic Assessment II of the Greek banking sector commissioned by the Bank of Greece in 2013, and a number of assumptions selected by the Bank of Greece regarding future capital generation. The Bank's capital requirement was assessed at €425 million under the baseline scenario and at €757 million under the adverse scenario as contemplated by the relevant assessment, whilst the total capital requirements for the Greek banking sector as a whole were assessed at €6.4 billion under the baseline scenario and €9.4 billion under the adverse scenario. In the basic and the adverse scenario, the minimum Common Equity Tier 1 index was set at 8 per cent. and 5.5 per cent. respectively. The Recapitalisation Plan was further amended to allow Greek banks to address such capital needs pursuant to Greek Law 4254/2014, as in force, and Cabinet Act No. 11, dated 11 April 2014.

In April 2014, the Bank completed a second equity offering for €1.75 billion, an amount which was fully subscribed for by private investors, both from the Greek and international markets. This offering resulted in a decrease of the HFSF's shareholding to 67 per cent. and the redemption of the Greek state's Special Preference Shares. In 2014, the other three Greek systemic banks completed share capital increases which were subscribed for by private investors, which also resulted in a substantial decrease of the HFSF's shareholding in their share capital. Greek banks operated in a more stable environment following the second recapitalisation of 2014, since the Greek economy experienced moderate growth in 2014 after six years of recession. Banks were able to issue debt securities in parallel with the capital raisings of early 2014, and focused on sustainability, organic growth and cost control, as well as NPL management, which is a catalyst for their financial performance, since NPLs accumulated during the economic crisis and reached high levels for the system overall (NPL ratio reached an average 34 per cent. in the Greek market at the end of 2014).

After the expiration of the Second Economic Adjustment Programme on 30 June 2015, Greece made an official request for stability support and on 19 August 2015 the European Commission signed a MoU with Greece following the approval by the ESM Board of Governors, for further stability support accompanied by the Third Economic Adjustment Programme. As part of this programme, a disbursement of funds in the amount of €10 billion was earmarked for immediate bank recapitalisation and resolution and a total of up to €25 billion was allocated to address potential further recapitalisation needs of viable banks and resolution costs of non-viable banks. Between August and October 2015, the SSM conducted the 2015 Comprehensive Assessment in order to assess the capital needs of the four Greek systemic banks. The 2015 Comprehensive Assessment was carried out by the SSM together with the Greek supervisory authorities under the conditions of the MoU of the Third Economic Adjustment Programme in the framework of the recapitalisation of Greek banks and involved an asset quality and capital adequacy review in order to determine the amount of recapitalisation needs for Greece's systemic banks, following the significant outflow of deposits since December 2014.

On 31 October 2015, the ECB published the results of the 2015 Comprehensive Assessment, determining that the Greek banking sector overall had €107 billion in loans that were non-performing and that it required an additional €4.4 billion under the base case, and €14.4 billion under the adverse case. The Asset Quality Review ("AQR") resulted in aggregate adjustments of €9.2 billion to participating banks' asset carrying values as at 30 June 2015, and an increase in non-performing exposure stocks of €7 billion across the four banks, with the corresponding

allowances for loan losses already considered in the aforementioned AQR adjustments. The AQR impact on the Bank was €2.2 billion, contributing to a base case requirement of €2.2 billion and an adverse case requirement of €4.9 billion.

The Recapitalisation Plan was further amended to allow Greek banks to address such capital needs pursuant to Greek Law 4340/2015, as in force, and Cabinet Act No. 36, dated 2 November 2015.

The last quarter of 2015 was characterised by the 2015 Comprehensive Assessment conducted by the ECB and the recapitalisation process of the four systemic banks. In the equity capital increases concluded at the beginning of December 2015, the four Greek systemic banks managed to raise €10 billion through common equity share issuance, of which €8 billion were covered by the private sector, while Piraeus Bank and the National Bank of Greece additionally raised €4 billion of capital through contingent convertible bonds, subscribed to by the HFSF, in order to cover the adverse scenario of the 2015 Comprehensive Assessment. In total, HFSF contribution amounted to €5.4 billion, much smaller in comparison to the initial adjustment programme's estimate of €25 billion.

In particular, with respect to the Bank, on 13 November 2015, following discussions with the SSM of the ECB in relation to capital actions to be taken into account in order to reduce its capital requirements arising from the 2015 Comprehensive Assessment, it announced that a total of €873 million of capital actions had been approved (including €602 million stemming from the conducted liability management exercise and €271 million from other actions). On the basis of that approval, the amount of the capital requirement for Piraeus Bank was reduced to €4,662 million (€4,933 million less €271 million from other actions), with a respective reduction in the amount of capital needed to be raised from the share capital increase. In the amount of €4,662 million the amount stemming from the liability management exercise was also included, given that it was part of the capital strengthening.

In December 2015, Piraeus Bank announced the full coverage of the share capital increase by an amount totaling €2.6 billion with abolition of the pre-emption rights of existing shareholders; payment in cash; liabilities' capitalisation equivalent to cash payment; and contribution in kind by issuing 8,672,163,482 new ordinary dematerialised registered voting shares with nominal value of €0.30 each and an issue price of €0.30 per share. The new shares were allocated to qualified investors under a private placement, to holders of non transferable receipts under a liability management exercise and to the HFSF pursuant to the decision of the Bank's Extraordinary General Meeting of 15 November 2015 and in accordance with the decisions of the Board of Directors of 20 November 2015 and 2 December 2015. Furthermore, in order to cover part of Piraeus Bank's capital needs under the adverse scenario of the 2015 Comprehensive Assessment, the Bank issued contingent convertible bonds subscribed for by the HFSF in a total amount of €2.0 billion in accordance the provisions of Cabinet Act No. 36, dated 2 November 2015. The recapitalisation created significant buffers of additional capital that further improved the Greek systemic banks' balance sheets, while they also contribute to the gradual restoration of confidence for depositors and investors alike.

### ***The Greek Banking Market***

Since the onset of the crisis in Greece, Greek banks have undergone a phase of significant consolidation. Several banks, including Proton, New TT Hellenic Postbank and the Agricultural Bank of Greece S.A. ("ATEbank"), First Business Bank S.A. and Probank were placed in liquidation, with selected assets and liabilities being transferred to other credit institutions. Piraeus Bank has actively participated in the consolidation process by having acquired Société Générale's Greek subsidiary, Geniki Bank S.A., selected assets and liabilities of ATEbank, all deposits, loans and branches in Greece of the Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of their subsidiaries in Greece, Millennium Bank and, certain assets and liabilities of Panellinia Bank.

According to the Bank of Greece, as at April 2017, there were eight credit institutions in the Greek banking market (seven Greek banks and one foreign bank), nine co-operative banks and 20 foreign financial institutions present in the domestic market through branch networks. The foreign network with the largest operations in Greece is HSBC Bank plc. There is also a specialised credit institution, the Consignment Deposits and Loans Fund.

The four largest commercial banks measured by deposits and their deposit market share as at 31 March 2017 are as follows:

- Piraeus Bank: 29 per cent;
- National Bank of Greece S.A.: 28 per cent.;
- Alpha Bank S.A.: 21 per cent.; and
- Eurobank Ergasias S.A.: 18 per cent.

(Source: Bank of Greece and publicly available information for each bank.)

### **Implementation of the Restructuring Plan**

In July 2014, the EU Directorate General for Competition approved the restructuring plan of Piraeus Bank. Despite the positive signs in 2014, the events that led to the agreement on the Third Economic Adjustment Programme in August 2015 changed the assumptions and the forecasts upon which the restructuring plans of the Greek banks had been approved.

The Third Economic Adjustment Programme also included financing of any potential capital needs of the Greek banking sector. As state aid requires approval in accordance with European Union rules, in November 2015, the Bank submitted a revised restructuring plan to the European Commission, which was based on its restructuring plan of 2014 and approved by the HFSF and the European Commission on 29 November 2015.

The new commitments under the revised restructuring plan do not deviate from the basic commitments approved in the 2014 restructuring plan and are in line with the medium-term strategic and financial objectives of the Bank. Furthermore, under the revised restructuring plan, the Bank's targets are focused on its domestic activities in Greece. The revised restructuring plan of the Bank was based on macro-economic assumptions as provided by the European Commission as well as regulatory assumptions, and comprises the following principal commitments:

- the reduction of the number of branches in Greece to a maximum of 650 branches by 31 December 2017;
- the further reduction of the number of the employees in Greece to a maximum of 13,200 by 31 December 2017 compared to the initial commitment to a maximum of 15,350;
- the reduction of the total operating costs in Greece to a maximum of € 1.1 billion for the year ending 31 December 2017;
- the reduction of the Bank's cost of funding by December 31, 2018, through the decrease in the cost of deposits collected in Greece in order to restore the Bank's pre-provision profitability in Greece;
- the reduction of the loans and advances to customers to deposits due to customers ratio for Piraeus' Greek banking activities to no higher than 115 per cent. by 31 December 2018;

- annual growth rate of loans and advances to customers before allowances for loan losses that cannot be higher than the growth rate of the market as according to the estimates of the European Commission;
- the further reduction by 30 June 2018, of Piraeus Bank's portfolio of foreign assets;
- the sale of the unlisted securities portfolio by 31 December 2017, comprising investments greater than €5 million (subject to certain exceptions);
- refraining from purchasing non-investment grade securities until 30 June 2017 (subject to certain exceptions);
- the implementation of a cap on the remuneration of the Bank's employees and managers;
- certain other commitments, including restrictions on: (a) payment of dividend on the Bank's common shares up until (i) 31 December 2017 or (ii) the repayment of the hybrid capital instruments that have been characterized as state aid namely the € 2,040 million contingent convertible bonds held by HFSF (whichever occurs earlier) (b) the Bank's ability to make certain acquisitions, unless either exceptional approval is granted by the EU Directorate General for Competition or the acquisition price is lower than a preset limit.

It should be noted that the underlying macroeconomic assumptions contained in Piraeus Bank's revised restructuring plan were consistent with the assumptions of the Third Economic Adjustment Programme at the time such plan was prepared. Piraeus Bank's revised restructuring plan is being implemented, to date, according to the commitments assumed and within the set time limits.

### **Economic Adjustment Programmes, the PSI and the Buy-Back Programme**

The aggravated financial condition of Greece since the end of 2009 has limited, to a significant extent, Greek banks' access to the international capital markets. In early May 2010, the Greek government agreed to the first economic adjustment programme jointly supported by the Institutions (the "First Economic Adjustment Programme"), which would provide significant financial support of €11.0 billion in the form of a cooperative package of IMF and EU funding. The First Economic Adjustment Programme was established pursuant to two memoranda, each dated 3 May 2010, which set out a series of fiscal measures and structural reforms, including the creation of the HFSF.

On 21 February 2012, following consultations at an international level, the Institutions agreed the Second Economic Adjustment Programme. The Second Economic Adjustment Programme's main objective was to ensure the sustainability of Greek government debt, the solidification and recapitalisation of the Greek banking system and the resolution of non-viable banks and to restore competitiveness to the Greek economy. Pursuant to the Second Economic Adjustment Programme, Greece was to set fiscal consolidation targets so as to return to a primary surplus by 2013, to fully carry out the privatisation plan and to proceed to implement structural reforms in the labour, goods and services markets. In addition, the principles for the Private Sector Involvement (the "PSI") in the restructuring of the Hellenic Republic's sovereign debt were agreed, as well as the 53.5 per cent. reduction in the nominal value of Greek government bonds. As a result of the PSI, which began on 24 February 2012 and was completed on 25 April 2012, the total amount of sovereign debt restructured was approximately €199 billion, i.e. 96.9 per cent. of the total eligible bonds (approximately €205.5 billion) (source: Ministry of Finance). On 14 March 2012, the finance ministers of the Eurozone approved financing of the Second Economic Adjustment Programme for Greece. Unlike the First Economic Adjustment Programme, which was based on bilateral loans, the members of the Eurozone agreed that the second programme would be financed by the EFSF.

Apart from the PSI principles, in order to ensure the sustainability of Greek government debt, it was also decided on 21 February 2012 that: (i) the interest rate margin on the loan that Greece had

been granted by the Eurozone countries would be retroactively decreased to 150 basis points; (ii) the ECB's income from acquiring and holding Greek bonds would be allocated to central banks and through them to the Member States, which would in turn direct such amounts to Greece's debt relief; and (iii) central banks holding Greek bonds in their investment portfolio would cede the income arising from these bonds to Greece until 2020.

By mid-2012, the political uncertainty created in Greece after two elections, the delays in implementing the programme, as well as a stronger than expected recession in the Greek economy, led to a review of the terms of the Second Economic Adjustment Programme, as the sustainability of Greek government debt was put into question. On 27 November 2012, following consultations at national and international levels, basic points and actions were determined, with the aim of achieving the sustainability of Greek government debt at 175 per cent. of GDP in 2016, 124 per cent. in 2020 and below 110 per cent. in 2022. At the same time, an agreement was reached to extend the programme and delay the targeted primary surplus of 4.5 per cent. of GDP from 2014 to 2016, while, on 3 December 2012, the Public Debt Management Agency announced the terms for the buy-back programme consisting of an auction for buying back Greek government bonds. On 11 December 2012, the buy-back programme process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8 per cent. of the nominal value. For the buy back of the bonds offered, six month EFSF notes were issued for a nominal value of €11.29 billion (including accrued interest).

At the beginning of January 2013, the European Commission and the IMF completed the review of the Second Economic Adjustment Programme and approved disbursement of the next tranches. Following continued negotiations, the Greek government and representatives of the Institutions reached an agreement on the policies that could constitute the basis for completing the review of the Second Economic Adjustment Programme. Approval of such agreement was announced by the Eurogroup on 1 April 2014, while approval by the board of directors of the IMF was still pending at the time. The Institutions stated in a 19 March 2014 press release that, *inter alia*, the Greek economy was beginning to stabilise and was expected to gradually recover. The Institutions acknowledged, however, that although Greece had achieved a higher than expected primary surplus in 2013, only a small part of such surplus would carry over into 2014.

Until 30 June 2015, the Hellenic Republic received financial support from the EFSF and the IMF in the form of financial loans within the framework of the Second Economic Adjustment Programme, which included a series of austerity measures and structural reforms.

Following the election of a new coalition government in January 2015, the new government moved to negotiate a new financing framework and a revised reform programme with the Institutions in the context of the fifth review of the Second Economic Adjustment Programme. On 18 February 2015, the Greek government filed a request to extend the Master Financial Assistance Facility Agreement for Greece. As a result of these negotiations, on 27 February 2015, the Second Economic Adjustment Programme was extended by the EFSF until 30 June 2015. The negotiations and discussions between Greece and the Institutions did not lead to an agreement or the successful completion of the fifth review of the Second Economic Adjustment Programme.

On 28 June 2015, the ECB announced that it would not increase the ELA ceiling for Greece's banking system from the €89 billion agreed on 26 June 2015. At that time, the Eurosystem's support to Greek banks (directly through the ECB's main refinancing operations and indirectly through the ELA mechanism) exceeded 70 per cent. of Greece's GDP.

In order to protect the Greek financial system from increasing deposit outflows, the Greek government adopted on 28 June 2015 an urgent legislative act declaring the period from 28 June 2015 until 6 July 2015 a bank holiday for all financial institutions operating in Greece in any form. Simultaneously, restrictions on cash withdrawals from ATMs, transfers of funds abroad and other transactions were put in force during the bank holiday, which was subsequently extended until 19

July 2015. In parallel, the ATHEX regulated markets and the Multilateral Trading Facility of “EN.A.” were closed for the period of the bank holiday, pursuant to a decision of the HCMC.

When the Second Economic Adjustment Programme and the overall financial support framework for Greece expired on 30 June 2015, Greece missed a payment due to the IMF on the same day. Following the distressed financial conditions generated by the bank holiday, the capital controls, deteriorating public finances and due arrears to the IMF, Greece finally made an official request for financial support from the ESM on 8 July 2015.

On 11 July 2015, the Greek Parliament approved the framework of proposed bailout conditions with 251 votes in favour of the proposal. On 12 and 13 July 2015, a Eurozone summit took place whereby Greece committed to remain within the Eurozone and to adopt a first set of measures to legislate within a strict timeline in order to rebuild trust with the Institutions and, as a prerequisite for initiating negotiations, for a MoU for further financial support. The Greek authorities passed the relevant sets of legislation on 16 July 2015 and on 23 July 2015, as was provided in the 12 July 2015 statement of the Eurozone summit.

On 20 July 2015, Greece repaid the totality of its arrears to the IMF, equivalent to Special Drawing Rights 1.6 billion (about €2.0 billion) and €4.2 billion to the ECB, after obtaining €7.2 billion in short-term financial assistance from the European Union on 17 July 2015. Greek banks re-opened on 20 July 2015 albeit under capital control restrictions. On 23 July 2015, a separate request for financial assistance was sent to the IMF in line with the provisions of the ESM treaty with regard to seeking IMF support in connection with ESM financial assistance programmes. According to several statements made by IMF officials, the IMF will consider further financial support for Greece once two conditions are fulfilled:

- Firstly, the full specifications of fiscal, structural and financial sector reforms must be completed; and
- Secondly, the need for additional measures has to be considered and an agreement with creditors on possible debt relief to ensure debt sustainability must have been reached. Debt relief for Greece, in the form of longer grace and payment periods, will be considered after the first review of the Third Economic Adjustment Programme.

On 3 August 2015, the HCMC Board of Directors decided to re-open the ATHEX regulated markets and the Multilateral Trading Facility of “EN.A.”. On 11 August 2015, the Greek authorities and the Institutions reached a staff level agreement on the MoU and the Eurozone finance ministers endorsed it politically on 14 August 2015. The Greek Parliament approved the MoU which provided a further set of prior actions which the Greek authorities passed as legislation on 14 August 2015. On 19 August 2015, the European Commission signed the MoU with Greece, following approval by the ESM Board of Governors for further stability support accompanied by a Third Economic Adjustment Programme.

The Third Economic Adjustment Programme paved the way for up to €86 billion in financial assistance to Greece over a period of three years (2016–2018) and provided for a series of reformative measures, with up to €25 billion (out of the €86 billion) of assistance allocated to address recapitalisation needs of viable banks and resolution costs of non-viable banks. In this context, the Greek authorities signed a Financial Assistance Facility Agreement with the ESM to specify the financial terms of the loan. In accordance with the MoU, the disbursement of funds was linked to progress in the delivery of certain policy conditions that were intended to enable the Greek economy to return to a sustainable growth path based on sound public finances, enhanced competitiveness, high employment and financial stability. The relevant policies are structured on the basis of the following four pillars:

- (a) restoration of the economic sustainability;

- (b) development, competitiveness and investments;
- (c) modernisation of the state and of the public administration; and
- (d) assurance of financial stability.

In each review the specific policy measures and other instruments to achieve the broad objectives will be fully specified in detail along with a timeline.

Under the Third Economic Adjustment Programme a first disbursement of funds in the amount of €13 billion was made on 20 August 2015. These funds were intended to allow the Greek state to cover financing needs, to make overdue payments, and to address financial sector needs in order to mitigate hindrances to economic activity, as well as to repay a short-term bridge loan of €7.2 billion that was disbursed under the ESM on 20 July 2015. An additional amount of €10 billion was at that time earmarked immediately for bank recapitalisation. The Greek Government managed to complete two sets of prior actions - reforms from the Third Economic Adjustment Programme at the end of November 2015 and in December 2015. This permitted the disbursement of two additional instalments of €3.0 billion in total, from the August 2015 first instalment of the ESM loan. By mid-December 2015, all four systemic banks' recapitalisations were completed with only approximately €5.4 billion.

On 25 May 2016, the Eurogroup agreed on a package of debt relief measures that will be phased in progressively, i.e., short-term, medium-term and long-term debt relief measures, as required, in order to ensure the sustainability of Greece's public debt. The short-term measures were implemented after the first review of the Third Economic Adjustment Programme. The medium-term measures implementation, if required, is expected to take place after the successful conclusion of the Third Economic Adjustment Programme (currently scheduled for August 2018).

The first review of the Third Economic Adjustment Programme was completed in June 2016. The conclusion of the first review of the Third Economic Adjustment Programme permitted the disbursement of an instalment of €10.3 billion in two sub-tranches. The first sub-tranche of €7.5 billion was disbursed in late June 2016 after the approval by the ESM on 21 June 2016. €5.7 billion of this tranche was to cover debt servicing needs and €1.8 billion was to allow the clearance of an initial part of arrears as a means to support the real economy. The second sub-tranche of €2.8 billion was approved by the ESM on 25 October 2016 and disbursed shortly afterwards.

In June 2016, a supplemental memorandum of understanding was agreed, which updated certain of the policy conditions set out in the MoU. The MoU (as supplemented) states that the primary surplus target for Greece for 2016, 2017 and 2018 is 0.5 per cent., 1.75 per cent. and 3.5 per cent. of GDP, respectively. The 2017 Budget that was ratified by the Greek Parliament in late November 2016 had a forecast for the 2016 primary surplus of 1.1 per cent. of GDP. Based on the most recent available data published by the Hellenic Statistical Authority, the general government primary balance was at a surplus of 3.9 per cent. of GDP in ESA 2010 terms or according to the Greek Government and the European Commission at 4.2 per cent. of GDP in the stricter Third Economic Adjustment Programme's terms.

The ECB, acknowledging the progress made on reforms implementation with the conclusion of the first review of the Third Economic Adjustment Programme, reinstated the waiver for all outstanding and new marketable debt instruments issued or guaranteed by the Hellenic Republic. Furthermore, the conclusion of the first review of the Third Economic Adjustment Programme led to a positive ESM decision regarding the implementation of the short-term debt relief measures from January 2017 onwards. More analytically, the Boards of Directors of the ESM and EFSF on 23 January 2017 adopted the rules implementing a set of short-term debt relief measures for Greece. The measures were designed to reduce interest rate risk for Greece, including by exchanging some debt to fixed from floating rates, and to ease the country's repayment burden. The ESM Board of Governors approved the measures in a written procedure concluded on 20 January 2017.

As of early May 2017, a preliminary agreement was reached for the conclusion of the second review of the Third Economic Adjustment Programme. On 15 June 2017 the Eurogroup and the Institutions finalised their discussion on the second review of the Greek programme. This paves the way for the release of the third tranche of financial assistance to Greece, amounting to €8.5 billion. The European Stability Mechanism will be able to release the payment after the Eurozone member states have completed their national procedures, authorising the disbursement. The decision was taken following the adoption of the agreed prior actions by the Greek parliament and Greece's commitment to maintain a primary surplus of 3.5 per cent. of GDP until 2022 and thereafter a fiscal trajectory that is consistent with its commitments under the European fiscal framework, which would be achieved according to the analysis of the European Commission with a primary surplus of equal to or above but close to 2 per cent. of GDP in the period from 2023 to 2060. The Eurogroup meeting of 15 June 2017 concluded that debt sustainability should be attained within the framework of the debt measures envisaged by the Eurogroup in May 2016. In this regard, the Eurogroup recalled the assessment of debt sustainability with reference to the agreed benchmarks for gross financing needs ("GFN"): GFN should remain below 15 per cent. of GDP in the medium term and below 20 per cent. of GDP thereafter so as to ensure that debt remains on a sustained downward path. The Eurogroup also recalled that it stands ready to implement a second set of debt measures to the extent needed to meet the aforementioned GFN objectives, in line with the Eurogroup statement of 25 May 2016. This includes:

- abolishing the step-up interest rate margin related to the debt buy-back tranche of the second Greek programme;
- the use of 2014 Securities Markets Programme ("SMP") profits from the ESM segregated account;
- the restoration of the transfer of the equivalent of Agreement on Net Financial Assets ("ANFA") and SMP profits to Greece (as of budget year 2017);
- liability management operations within the current ESM programme envelope taking due account of the exceptionally high burden of some Member States; and
- EFSF reprofiling within the maximum Programme Authorised Amount.

The Eurogroup stands ready to implement, without prejudice to the final debt sustainability analysis, extensions of the weighted average maturities and a further deferral of EFSF interest and amortisation by between 0 and 15 years. In order to take into account possible differences between growth assumptions in the Debt Sustainability Analysis ("DSA") and actual growth developments over the post-programme period, the EFSF reprofiling would be recalibrated according to an operational growth-adjustment mechanism to be agreed. At the end of the programme, conditional upon its successful implementation and to the extent necessary, this second set of measures will be implemented. The exact calibration of these measures will be confirmed at the end of the programme by the Eurogroup on the basis of an updated DSA in cooperation with the European institutions.

The Board of Directors of the ESM on 7 July 2017 approved the third tranche of €8.5 billion of ESM financial assistance to Greece. This follows the approval of the Supplemental Memorandum of Understanding by the ESM Board of Governors and the Greek government's completion of all prior actions. The first disbursement under this tranche amounted to €7.7 billion, and was executed by the ESM on 10 July 2017. Out of this amount, €6.9 billion will be used for debt servicing needs and €0.8 billion for arrears clearance. The disbursement for arrears clearance of €0.8 billion may be made after 1 September 2017 subject to Greece making significant progress on arrears clearance, using its own resources to the arrears clearance effort as well as the funding from the disbursement. It is subject to a further decision by the ESM Board of Directors.

The Executive Board of the IMF on 20 July 2017 approved in principle an SDR 1.3 billion (about €1.6 billion) precautionary Stand-By Arrangement (“SBA”) for Greece. Financing under the arrangement is conditional on receiving specific and credible assurances on debt relief from Greece’s European partners to restore debt sustainability and continued implementation of the program. It is set to expire on 31 August 2018, shortly after the expiration of the ESM program.

According to IMF’s staff report published in July 2017, even with full implementation of the ESM programme policies, as well as debt relief measures specified by the Eurogroup thus far, Greece's debt is highly unsustainable. Greece requires additional debt relief from its European partners to restore debt sustainability. According to IMF, any debt restructuring solution would need to achieve two key objectives. First, it should maintain gross financing needs well within the 15-20 per cent. of GDP thresholds and ensure that debt is on a sustained downward path.

The Hellenic Republic (Republic) announced on 24 July 2017 an invitation to holders of its outstanding 4.75 per cent. Notes due 2019 (ISIN: GR0114028534) (the Existing Notes) to tender such Existing Notes for purchase for cash (the Switch and Tender Offer). The Switch and Tender Offer is being made on the terms and subject to the conditions (including the New Notes Condition) contained in the switch and tender offer memorandum dated 24 July 2017 (the Switch and Tender Offer Memorandum) prepared by the Republic. The Republic also announced on July 24 2017 that it intends to offer new euro-denominated fixed rate notes due 2022 (the New Notes) for cash in a Regulation S / 144A benchmark sized offering (the New Notes Offering). Pricing of the New Notes Offering occurred on 25 July 2017 for the amount of €3.0 billion at a 4.625% yield, with settlement taking place on 1 August 2017.

### ***Financing of the Greek Economy by the Economic Adjustment Programmes***

***The total amount of official funding received by Greece through ESM during the period from mid-2015 up to July 2017, amounted to €39.4 billion. Overall, the total amount of official funding received by Greece through the First, Second and Third Economic Adjustment Programmes was approximately €255 billion from 2010 to July 2017 (excluding the €10.9 billion that was redelivered by the Hellenic Financial Stability Fund). The outstanding amount owed to the Eurozone, the EFSF, the ESM and the IMF as of end of July 2017 is estimated to be approximately €233 billion and will mature by 2059. The Hellenic Financial Stability Fund (HFSF)***

The HFSF is a private law entity, having as a purpose the contribution to the maintenance of the stability of the Greek banking system for the sake of public interest. The HFSF shall act in line with Greek Law 3864/2010 as amended and in force and the relevant commitments under the MoU of 15 March 2012, a draft of which was ratified by Greek Law 4046/2012, as amended from time to time and the MoU of 19 August 2015, a draft of which was ratified by Greek Law 4336/2015, as amended from time to time. The HFSF shall comply with, and is authorised to take any actions to comply with and to give full effect to its obligations under, or arising out of or in connection with the Master Financial Facility Agreement of 15 March 2012, a draft of which was ratified by Greek Law 4060/2012, as in force, and under the Financial Assistance Facility Agreement of 19 August 2015, a draft of which was ratified by Greek Law 4336/2015, as in force, respectively. The HFSF operates on the basis of a comprehensive strategy with regards to the financial sector and the management of NPLs, which constitutes the subject matter of an agreement between the Ministry of Finance, the Bank of Greece and the HFSF, as amended from time to time.

In pursuing its objective, the HFSF shall: (a) provide capital support to credit institutions, pursuant to Greek Law 3864/2010, as amended and in force, and in adherence to the European Union regulation regarding state aid; (b) monitor and assess how credit institutions to which the HFSF provides capital support comply with their restructuring plans, whilst ensuring that such credit institutions operate on an autonomous market basis and in such a manner that ensures in a transparent way private investor participation in their capital; (c) exercise its shareholding rights deriving from its participation in the credit institutions; (d) dispose in whole or partially financial

instruments issued by the credit institutions in which it participates; (e) provide loans to the Hellenic Deposit and Investment Guarantee Fund (“HDIGF”) for resolution purposes; (f) facilitate the management of NPLs of the credit institutions; and (g) enter into a relationship framework agreement or amend the existing relationship framework agreement with all credit institutions that are or have been beneficiaries of financial assistance by the EFSF and the ESM, in order to ensure the implementation of its objectives and rights, as long as the HFSF holds shares or other capital instruments in such financial institutions or monitors the restructuring plan of such credit institutions.

The temporary liquidity support provided under Greek Law 3723/2008, as in force, or as part of the operations of the Eurosystem or the Bank of Greece, does not fall within the scope of the HFSF’s objective. The duration of the HFSF shall be until 30 June 2020. Following a decision of the Minister of Finance, its duration may be extended, if deemed necessary for the fulfilment of its scope. The HFSF’s capital shall emanate from: (a) funds raised from the EU and IMF financial support mechanism for Greece pursuant to Greek Law 3845/2010, as in force, and pursuant to the Master Financial Assistance Facility Agreement of 15 March 2012; and (b) funds provided under the Financial Facility Agreement of 19 August 2015, as amended from time to time. Said capital may be paid gradually by the Greek government and is incorporated into non-transferable securities until the end of the HFSF’s duration. HFSF’s participation in the Bank following the 2013 Share Capital Increase was 81 per cent. In April 2014 the Bank undertook a second offer of shares amounting to 1.75 billion, which was fully covered by private investors from both the Greek and the international markets. This resulted in a decrease in the HFSF’s participation to 67 per cent. Lastly, following the Bank’s recapitalisation in late 2015, the HFSF stake was further decreased to 26.4 per cent.

### **Administrative Structure of the HFSF**

Greek Law 3864/2010, as in force following consecutive amendments, contains detailed provisions regarding the modus operandi, administrative structure and competences of the HFSF. The HFSF has two administrative bodies with decision-making functions, namely (a) the General Council, which consists of nine members, two of which are representatives of the Ministry of Finance and the Bank of Greece, respectively and (b) the Executive Board, which consists of three members, one of which will be nominated by the Bank of Greece. One executive member of the Executive Board will be assigned the task to enhance the role of the HFSF in facilitating the resolution of NPLs of the credit institutions in which the HFSF has participation. Moreover, the members of the General Council and the Executive Board shall be selected, following a public invitation of interest, by a Selection Panel which has been established pursuant to a decision of the Ministry of Finance. With the exception of the representative of the Ministry of Finance and the nominee from the Bank of Greece, all appointments, including renewal of appointments shall require the prior agreement of the Eurogroup Working Group, including their respective remuneration.

The main responsibilities of the Selection Panel as stipulated in “Article 4A, Selection Panel” of Greek Law 3864/2010, as in force, are the following:

- The annual evaluation of the members of the General Council and the Executive Board including the assessment, based on criteria set by the Selection Panel which will ensure the proper implementation of the objectives of the HFSF in accordance with each body’s mandate.
- The pre-selection of the members of the HFSF’s General Council and the Executive Board, the proposal of their remuneration, as well as other conditions of their employment.
- The removal of any member of the General Council and the Executive Board.

## Supply of Capital Support by the HFSF

With regards to the supply of capital support, a credit institution experiencing a capital shortfall, as such shortfall has been determined by the competent authority, may submit a request for capital support to the HFSF, up to the amount of the determined capital shortfall, accompanied by a letter of the competent authority determining (a) the capital shortfall, (b) the date by which the credit institution needs to meet the said shortfall, and (c) the capital raising plan submitted to the competent authority.

For credit institutions with an existing restructuring plan approved by the European Commission at the time of such request, said request shall be accompanied by a draft amended restructuring plan. The draft restructuring plan (for credit institutions without an existing approved restructuring plan), or the draft amended restructuring plan shall describe by what means the credit institution shall return to sufficient profitability in the next three to five years, under prudent assumptions. The HFSF shall monitor and evaluate the proper implementation of the restructuring plan and any amended restructuring plan, as the case may be. The HFSF may request amendments and addendums to the above-mentioned restructuring plan.

Any restructuring plan approved by the HFSF shall comply with EU rules on state aid and shall be approved by a decision of the European Commission. Additionally, it shall ensure the credit institution's restoration of adequate profitability, the burden-sharing to its shareholders and the minimisation of any hindrance caused to competition. The HFSF monitors and evaluates the implementation of such approved restructuring plans.

The HFSF may grant a credit institution a letter of commitment that it will participate in the recapitalisation of such credit institution, subject to and in accordance with the procedure laid down in Greek Law 3864/2010 (Articles 6A and 7), as in force, and up to the amount of capital shortfall identified by the competent authority provided that the credit institution falls within the exception of item d(cc) of paragraph 3 of Article 32 of Greek Law 4335/2015, as in force (the "Greek BRRD Law") (in other words, the credit institution is not deemed by the SSM to be failing or likely to fail and such capital support will constitute precautionary recapitalisation). The HFSF grants said letter without the procedure stipulated under Article 6A regarding the compulsory application of the burden sharing process. The above-mentioned commitment does not apply if for any reason the licence of the credit institution is revoked, or any of the resolution measures provided for in the Greek BRRD Law is undertaken. The HFSF provides capital support for the sole purpose of covering the capital shortfall of the credit institution, as determined by the competent authority and up to the amount remaining uncovered, as long as such support is preceded by the application of the measures of the capital raising plan (referred to in article 6 of Greek Law 3864/2010, as in force), any participation of private sector investors, the European Commission's approval of the restructuring plan and either:

- (i) any mandatory burden sharing measures (of article 6A of Law 3864/2010 as in force), where the European Commission confirms as part of the approval of the restructuring plan that the credit institution falls within the exception of item d(cc) of Article 32 (3) of the Greek BRRD Law (the financial institution is not failing nor likely to fail and the capital support is provided in the context of precautionary recapitalisation); or
- (ii) where the credit institution has been placed under resolution, and measures have been taken pursuant to the Greek BRRD Law.

The relationship framework agreement has to be duly signed before any capital support is provided. Capital support shall be provided through the participation of the HFSF in the share capital increase of the credit institution through the issuance of ordinary shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments which shall be subscribed by the HFSF. The breakdown of the above participation of the HFSF between ordinary

shares and contingent convertible bonds or other convertible instruments is defined by Cabinet Act No. 36, dated 2 November 2015.

The HFSF may exercise, dispose or waive its pre-emption rights with respect to share capital increases or issues of contingent convertible bonds or other convertible instruments of credit institutions that submit a request for capital support. Without prejudice to the provisions of paragraph 2 of article 14 of Greek Law 2190/1920 on *societes anonymes*, the subscription price for the shares is the market price derived from a book building process carried out by each credit institution. By decision of its General Council, the HFSF shall accept this price, provided that the HFSF has commissioned and obtained an opinion from an independent financial advisor opining that the book building process complies with international best practice applicable in the particular circumstances. The offering price of the new shares to the private sector shall not be lower than the subscription price of those shares subscribed by the HFSF in the context of the same issuance. The offer price may be lower than the price of the shares already subscribed by the HFSF or than the current stock market price. The condition above need not be met where the HFSF is called upon to cover the remaining amount not covered by private participation in share capital increases of credit institutions pursuant to measures of public financial stability or when such institutions are not subject to a restructuring plan already approved by the European Commission at the time a request for capital support from the HFSF is made.

### **Implementation of public financial stability measures**

Following decision of the Minister of Finance, pursuant to paragraph 4 of internal Article 56 of Article 2 of the Greek BRRD Law, on the implementation of the measure of public capital support, the HFSF shall be designated as the vehicle for applying Article 57 of the Greek BRRD Law. In this case the HFSF participates in the recapitalisation of the credit institution and receives in return the means set forth in paragraph 1 of Article 57 of the Greek BRRD Law. The HFSF participates in the capital increase and receives in return capital instruments after the application of any measures adopted in accordance with Article 2 of the Greek BRRD Law.

### **Powers of the HFSF**

The HFSF shall fully exercise the voting rights attached to the shares undertaken under capital support, following the recent amendment of Greek Law 3864/2010 by Greek Law 4340/2015, as in force. The HFSF will continue to exercise the voting rights with the limitations set out below in the following cases:

- (a) for the shares taken by the HFSF during its first participation in the recapitalisation of financial institutions in 2013, when certain limitations applied with regards to the HFSF's voting rights due to the private sector participation in the said increase being at least 10 per cent. of the amount of the share capital. Since the involvement of the private sector fell short of 10 per cent. the HFSF could exercise without any limitation its voting rights with regards to its participation in the respective systemic bank; and
- (b) for the shares acquired during the period when the HFSF contributed in the recapitalisation of credit institutions under conditional voting rights, but said restrictions did not apply, however, due to the failure to reach the required percentage of private sector involvement. These restrictions on the HFSF's voting rights apply, provided that private participation in the first share capital increase, following the effective date of Greek Law 4254/2014, as in force, which amended Greek Law 3864/2010, as in force, was at least equal to 50 per cent.

For the shares mentioned under (a) and (b) shares above, the HFSF may vote in the General Meeting only for decisions amending the statutes, including capital increases or capital decreases or the provision of the relevant authorisation to the board of directors, merger, division, conversion, revival, extension of term or dissolution of the asset transfer company, including the sale of subsidiaries or for any other subject matter that requires an increased majority, as provided for by

Greek Law 2190/1920, as in force. For the purposes of calculating both the quorum and the majority at the General Assembly, these shares are not taken into account when deciding on matters other than the above issues.

Even in cases where the above-mentioned restrictions are in force the HFSF will fully exercise the voting rights attached to those shares under points (a) and (b), without the above-mentioned restrictions, as long as it is established by a decision of the General Council of the HFSF that the Bank has failed to fulfil essential obligations provided for in the restructuring plan or described in the relationship framework agreement of Article 2 of Greek Law 3864/2010, as amended and in force.

Any disposal of shares by the HFSF to private sector investors that takes place, either pursuant to sale of the HFSF's participation or following the exercise of warrants issued by the HFSF, shall be deemed to result in a reduction in the participation of the HFSF with regards first to the shares upon which the HFSF exercises limited voting rights. The HFSF is represented by one member in the credit institution's Board of Directors. The HFSF's representative in the Board of Directors shall have the following rights, which shall be exercised taking into account the business autonomy of the credit institution:

- (a) to call the General Assembly of Shareholders;
- (b) to veto any decision of the credit institution's Board of Directors:
  - (i) regarding the distribution of dividends and the benefits and bonus policy concerning the Chairman, the Chief Executive Officer and the other members of the Board of Directors, as well as any person who exercises general manager's powers and their deputies;
  - (ii) where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (e.g. business strategy, asset/liability management, etc);
  - (iii) related to corporate actions of par. 3 of Article 7a, which might substantially influence the HFSF's participation at the share capital of the credit institution.
- (c) to request an adjournment of any meeting of the credit institution's Board of Directors for three business days, until instructions are given by the HFSF's Executive Board. Such right may be exercised by the end of the meeting of the credit institution's Board of Directors;
- (d) the right to request that the Board of Directors of the credit institution be convened;
- (e) the right to approve the appointment of the Chief Financial Officer; and
- (f) to have free access to all books and records of the bank with executives and consultants of its choice.

The HFSF, with the assistance of an independent consultant of international reputation and established experience and expertise, shall evaluate the corporate governance arrangements of credit institutions with which the HFSF has signed relationship framework agreements and especially the boards, the board committees as well as other committees of these credit institutions which the HFSF deems necessary to evaluate for the fulfilment of its objectives. The evaluation will extend also to the individual members of the boards and the committees concerned. The HFSF shall evaluate the boards and the committees described above in particular with regards to their size, organisation structure, allocation of tasks and responsibilities assigned to their members, in view of the business needs of the banks and of needs related to the structure of the boards and committees concerned.

The HFSF with the assistance of an independent consultant will develop criteria for the evaluation of the above elements and the members of the boards and committees of these credit institutions according to best international practices and develop specific recommendations for changes and improvements in the corporate governance of each credit institution in addition to certain minimum criteria set by the Greek Law 3864/2010, as in force. The members of the boards and committees shall cooperate with the HFSF and its consultants in conducting the review and providing necessary information for the purposes of the review.

Further to the criteria developed by the HFSF (assisted by the independent consultant), the evaluation includes certain minimum criteria, for each member of the board and the committees as set out below:

- (a) at least ten years of experience in senior management positions in the banking, auditing, risk management or management of risk assets sectors, from which, especially for non-executive members, three years as a member of the board of a credit institution or of a company active in the financial sector or in an international financial institution.
- (b) the individual is not, and has not been entrusted in the last four years prior to its appointment, with prominent public functions, such as Heads of State or of Government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, or important political party officials; and
- (c) each individual must declare all financial connections with the bank before being appointed and the competent authority must confirm that the individual is fit and proper for the relevant position. Additional criteria defining specific skills needed for specific tasks within the board will be determined by the HFSF in cooperation with the independent consultant under the corporate governance review. The criteria will be updated at least once every two years and more often if there is material change in the financial position of the bank. The size and the collective knowledge of the boards and the committees shall reflect the business model and the financial status of the credit institution. Further, the evaluation of the members of the boards and the committees shall secure their proper size and composition. The evaluation of the structure and composition of the boards and committees shall have the following minimum criteria:
  - (i) the bank's board of directors includes as non-executive members at least three independent international experts with adequate knowledge and long-term experience of at least 15 years in relevant financial institutions, of which at least three years as members of an international banking group with no activity in the Greek market. These members must not have any affiliation over the previous ten years with Greek financial institutions;
  - (ii) the aforementioned independent non-executive members chair all board committees; and
  - (iii) at least one board member shall have relevant expertise and international experience of at least 5 years in risk management and/or the management of Non-Performing Loans. This individual focuses on and has as sole power the management of Non-Performing Loans and chairs any special board committee of the credit institution dealing with Non-Performing Loans. In the case that a review or evaluation determines that the subject of the review does not meet the relevant criteria, the HFSF will inform the board and, if the board does not take action to implement the recommendations, it will call a meeting of shareholders to inform them and recommend the necessary changes. The HFSF will send the findings of the review to the competent authorities. In the case of a board or committee member that does not meet the relevant criteria, or of a board which collectively does not satisfy the recommended structure with respect to the size, allocation of

tasks and expertise within the board and the necessary changes cannot be achieved otherwise, these recommendations shall include that certain board or committee members need to be replaced. In the event that the shareholders meeting does not agree to replace board members who fail to meet these criteria within three months, the HFSF shall publish a report on its website within four weeks naming the bank, the recommendations and the number of board members that do not meet the relevant criteria and specify the criteria that the board and its individual members do not meet. Nothing in the above changes the obligation of shareholders to ensure that the board and board committees are staffed by members with an appropriate level of experience and competence and acting in the best interests of the bank and all stakeholders.

For the achievement of the objectives of the HFSF and the exercise of its rights, the HFSF defines the outline of the relationship framework agreement or the amended relationship framework agreement with all credit institutions which receive or have received capital support by the EFSF or the ESM. The credit institutions sign the aforementioned relationship framework agreement and provide to the HFSF all information that the EFSF or the ESM might reasonably ask for, with a view to the HFSF transmitting such information to the EFSF or the ESM, except if the HFSF informs the credit institutions that they are under the obligation to transmit said information directly to the EFSF or the ESM. Piraeus Bank's relationship with the HFSF following the completion of the 2013 Share Capital Increase, according to the provisions of Greek Law 3864/2010 as in force at the time, is governed by the Relationship Framework Agreement, as provided in the Memorandum of Economics and Financial Policies, which was executed on 10 July 2013. In view of the substantial amount of capital injected into the Bank in December 2015 and in order for the HFSF to fulfil its objectives under Greek Law 3864/2010, as in force, exercise its rights and obligations and comply with the commitments undertaken through the Financial Facility Agreement signed on 19 August 2015 by and between the ESM, the Hellenic Republic, the Bank of Greece and the HFSF and through the MoU, the HFSF and the Bank entered into a new Relationship Framework Agreement on 27 November 2015, amending and replacing the initial RFA. In addition to the above-mentioned powers, by virtue of the Relationship Framework Agreement as in force and for the period which the HFSF holds shares or contingent convertible bonds of the Bank, the HFSF's appointed representative has the power, among other things, to include items in the agenda of the General Meeting of its ordinary shareholders, of its Board of Directors and of the above committees of the Bank in which the representative participates. In addition, in accordance with the Relationship Framework Agreement as in force, at least one of the HFSF Representatives is appointed as a member of the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Succession and Nomination Committee of the Board and the Strategy Committee. Such HFSF Representative has the right to include items in the agenda of the meetings of the committee in which he participates and to request the convocation of such committee within seven days from his written request to the chairman of the relevant committee. The HFSF has also appointed an observer (HFSF Observer) who will participate in all Committees of the Bank (but will have no voting rights), as well as in the Board of Directors of the Bank.

Furthermore, in accordance with the Relationship Framework Agreement, the Bank has the obligation to obtain the prior written consent of the HFSF for all material matters set forth in such agreement, including, inter alia, its connected borrowers policy, all material corporate actions (e.g. capital increases, mergers, etc.), material investments or transfers of assets, the management of the Non-Performing Loans, the recruitment policy and appointment of the Board members, its restructuring plan contemplated in Greek Law 3864/2010, as in force, and the appointment of auditors.

Under the Relationship Framework Agreement, the Bank's decision making bodies will continue to independently determine the Bank's day to day business, its commercial strategy and policy in accordance with its restructuring plan. The Relationship Framework Agreement remains in force for as long as the HFSF holds either shares or contingent convertible bonds at the Bank,

irrespective of the percentage of its holding. The Relationship Framework Agreement may be amended pursuant to Greek Law 3864/2010, as in force.

## **Resolution Loan**

The HFSF may grant a “resolution loan” (as defined in the Financial Facility Agreement of 19 August 2015) to the HDIGF for the purposes of funding bank resolution costs in compliance with EU rules on state aid. For the repayment of such loan the credit institutions participating in the HDIGF are liable as guarantors at the ratio of their contribution either in the Resolution Scheme or in the deposit guarantee scheme, as the case may be. The amount, the time and the way of drawdown on such loan, as well as any other necessary matter in connection therewith, are determined on an *ad hoc* basis by a decision of the Minister of Finance, following a request by the HDIGF and the opinion of the Bank of Greece.

In the case that either (i) the Bank of Greece has issued a decision stating that a credit institution does not seem capable of returning a deposit for reasons directly linked to its financial situation and the credit institution is not expected to recover so as to become capable of returning the deposit in the near future or (ii) a court judgment has been issued resulting in the suspension of the depositors' right to raise claims against the credit institution, the HDIGF shall pay to the depositors the remuneration within seven business days from the date on which it has been determined that the credit institution became unable to pay deposits and following set off of the credit balances of the deposit accounts against any kind of counterclaims that the credit institution may have against the beneficiary depositor, provided and to the extent that such counterclaims have become due and payable on or prior to the date on which the credit institution became unable to pay deposits pursuant to article 440 et seq. of the Greek Civil Code. The indemnification by the HDIGF of the beneficiaries-investors in relation to claims arising from covered investment services is payable within three months after delivery by the HDIGF to the Bank of Greece of the relevant decision/judgement, in accordance with the procedure and subject to the conditions set out in Law 4370/2016, as in force.

In case of emergency and until the grant of the above resolution loan, the deposit guarantee scheme of the HDIGF may pay in advance, temporarily, to the Resolution Scheme, by way of loan, the necessary funds in order to cover the expenses for the funding of the resolution of banks by the Resolution Scheme.

## **Warrants**

Pursuant to Greek Law 3864/2010, as in force before the recent amendment by virtue of Greek Law 4340/2015, as in force, and pursuant to Cabinet Acts No. 38/2012 and 6/2013, the HFSF issued and delivered to the private individuals participating in a recapitalisation share capital increase under such law, for no additional charge, one warrant for each new share acquired in the share capital increase of a bank, under the condition that the private sector participation in the capital increase of a credit institution is higher than 10 per cent. of the total amount of the capital increase.

Warrants are transferable securities that offer no voting rights to their holders and there are no restrictions as to their transfer. Pursuant to the above-mentioned Cabinet Acts, each warrant incorporates the right of its holder to purchase a certain number of shares calculated using the following formula:  $x=a/b$ , where (x) is the total number of the ordinary shares that the warrant holder is entitled to purchase, (a) is the total number of the ordinary shares that the HFSF acquires in the capital increase and (b) is the total number of ordinary shares that the private sector acquires in the capital increase. At the time of exercise, any fractional shares corresponding to the warrants of the same holder being exercised is aggregated and rounded down to the nearest integral number. Pursuant to Cabinet Act No. 38/2012, the number of ordinary shares corresponding to each warrant is adjusted accordingly in the case of corporate events.

Given that the private sector participation in the 2013 Share Capital Increase was higher than 10 per cent. of the total amount of the increase, the HFSF issued and delivered to the private individuals participating in the increase, for no additional charge, one warrant for each new share acquired in the share capital increase of the Bank. On 1 July 2013, the ATHEX approved the listing of the 849,195,130 warrants for the Bank, which are kept in book-entry form.

For a period of 36 months from the warrants issue date, the HFSF is not allowed to transfer the Ordinary Shares underlying the warrants, unless such transfer occurs due to the exercise of a warrant. After this period and until the expiration of the warrants, the HFSF is entitled to transfer the underlying ordinary shares without being obliged to indemnify the warrant holders that have chosen not to acquire such shares, provided that the process of art. 3 par. 7 of the Cabinet Act No. 38/2012 (announcement of the HFSF's intention to transfer and prior notice to third parties) was followed. The warrants' issue date for the 2013 Share Capital Increase was 2 July 2013.

Warrants can be exercised by their holders every six months, starting from the date which falls six months from the warrants issue date until the date which falls fifty-four (54) months from the warrants issue date. Warrants may also be exercised at the date of extraordinary exercise, i.e. when the HFSF exercises its right to transfer the underlying ordinary shares after the 36-month period and not in the regular every-six-month date. Warrants not exercised within the aforementioned period shall ipso iure lapse and shall be cancelled by the HFSF. The last exercise date, i.e. 2 January 2018, is the expiry date of the HFSF warrants.

Piraeus Bank announced on 26 July 2017 the reverse split of its common shares and the increase of its common shares' nominal value following the resolution of the Annual General Meeting of Shareholders of the Bank, convened on 28 June 2017.

More specifically it was resolved: a) to increase the nominal value of each ordinary share of the Bank from €0.30 to €6.00 and the simultaneous reduction of the total number of ordinary shares of the Bank from 8,733,183,280 to 436,659,164 (reverse split) at a rate of one (1) new common share in replacement of twenty (20) old common shares of the Bank, b) to proceed without issuance of share fractions; the divestment by the Bank of the fractional rights of the shares arising from the reverse split and the return of the proceeds of liquidation to the respective shareholders and c) the relevant to the above amendment of articles 5 and 27 of the Articles of Association.

In the context of the above decision, the Bank's share capital remains unchanged versus pre reverse split status, thus at €2,619,954,984 divided into 436,659,164 common registered voting shares of a nominal value of €6.00 each.

The Decision no. 80874/20.07.2017 of the Hellenic Ministry of Finance & Development, registered in the General Commercial Register on 20 July 2017, approved the said amendment of articles 5 and 27 of the Bank's Articles of Association.

On 26 July 2017, the Stock Markets Steering Committee of Hellenic Exchanges - Athens Stock Exchange approved the listing for trading of the said 436,659,164 new common registered shares, each of a nominal value of €6.00, in replacement of the existing 8,733,183,280 common registered shares (as detailed above).

The commencement date for trading on the ATHEX of the 436,659,164 new common registered shares was 3 August 2017.

As of the same date, the new aggregate number of Piraeus Bank's shares listed on the ATHEX amount to 436,659,164 new common registered shares.

Pursuant to the relevant provisions of the Cabinet Act no. 38/2012 and article 8, paragraph 6 of Greek law 3864/2010, as both in force, the increase of the nominal value of the shares by decreasing the total number of existing shares (Reverse split) result in adjustments of the number of shares corresponding to each Warrant, and/or of the Warrant strike price.

MULTIPLIER (number of Piraeus Bank shares corresponding to the exercise of 1 Warrant)  
0.00223788666978355

EXERCISE PRICE

(in Euro)

9th exercise

4,284

## FORM OF THE DEED OF GUARANTEE

The following is the form of the Deed of Guarantee of Piraeus Bank.

**THIS DEED OF GUARANTEE** is made on 11 August 2017 in London, England

**BY:**

- (1) **PIRAEUS BANK S.A.**, a company incorporated in the Hellenic Republic (the “Guarantor”).

**IN FAVOUR OF:**

- (2) **THE HOLDERS AND THE ACCOUNTHOLDERS** (each as defined below) (together, the “Beneficiaries”).

**WHEREAS:**

- (A) Piraeus Bank S.A., in its capacity as an issuer and Piraeus Group Finance PLC (“Piraeus PLC” and together with Piraeus Bank S.A. in its capacity as an issuer, together, the “Issuers”) have established a Euro Medium Term Note Programme (the “Programme”) for the issuance of notes. The Guarantor has authorised the giving of its irrevocable guarantee in relation to the notes issued by Piraeus PLC (the “Notes”).
- (B) The Issuers and the Guarantor have, in relation to the notes issued under the Programme, entered into a fiscal agency agreement (as amended, supplemented and/or restated from time to time, the “Agency Agreement”) dated 11 August 2017 with Deutsche Bank AG, London Branch as fiscal agent (the “Agent”, which expression shall include any successor) and the other paying agents named therein.
- (C) The Issuers have, in relation to the notes issued under the Programme, executed in London, England a deed of covenant (as amended, supplemented and/or restated from time to time, the “Deed of Covenant”) dated 11 August 2017.
- (D) The Guarantor has agreed to irrevocably guarantee the payment of all sums expressed to be payable from time to time by Piraeus PLC in respect of the Notes and under the Deed of Covenant.
- (E) The Guarantor entered into a deed of guarantee dated 26 July, 2016 in relation to the Notes (such deed of guarantee, the “Original Deed of Guarantee”).
- (F) The Guarantor agrees to make certain modifications to the Original Deed of Guarantee.
- (G) This Deed of Guarantee amends and restates the Original Deed of Guarantee. Any Notes issued under the Programme by Piraeus PLC on or after the date hereof shall be issued subject to this Deed of Guarantee (other than any such Notes issued so as to be consolidated and form a single series with any Notes issued prior to the date hereof which shall continue to be subject to the Original Deed of Guarantee).

**THIS DEED OF GUARANTEE WITNESSES** as follows:

### 1. Construction

#### 1.1 Definitions and Interpretation

“Accountholder” means any accountholder or participant with a Clearing System which at the Relevant Date has credited to its securities account with such Clearing System one or

more Entries in respect of a Global Note issued by Piraeus PLC, except for any Clearing System in its capacity as an accountholder of another Clearing System;

“Clearing System” means each of Euroclear and Clearstream, Luxembourg, and any other clearing system specified in the relevant Final Terms;

“Clearstream, Luxembourg” means Clearstream Banking, S.A.;

“Conditions” means the terms and conditions of the relevant Notes, including those contained in the applicable Final Terms, as the same may be modified or supplemented in accordance with the terms thereof, and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof;

“Direct Rights” means the rights referred to in Clause 3 of the Deed of Covenant;

“Entry” means, in relation to a Global Note issued by Piraeus PLC, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note;

“Euroclear” means Euroclear Bank SA/NV;

“Holder” means, in relation to any Note, at any time, the person who is the bearer of such Note;

“person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

“Relevant Date” means, in relation to the payment of any sum expressed to be payable by Piraeus PLC in respect of a Note, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

“Senior Creditors of the Guarantor” means creditors of the Guarantor (a) who are unsubordinated creditors of the Guarantor, or (b) who are subordinated creditors of the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes or other persons claiming under the Deed of Guarantee (whether only in the winding up of the Guarantor or otherwise).

1.2 Terms defined in the Conditions have the same meanings in this Deed of Guarantee.

1.3 Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 3 of the Deed of Covenant.

1.4 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

1.5 Headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Deed of Guarantee.

## **2. Guarantee and Indemnity**

2.1 The Guarantor hereby irrevocably guarantees:

- (a) to each Holder the due and punctual payment of all sums from time to time payable by Piraeus PLC in respect of the Notes as and when the same become due and payable and accordingly undertakes to pay to such Holder, forthwith upon the demand of such Holder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay in respect of the Notes and which Piraeus PLC has failed to pay; and
- (b) to each Accountholder the due and punctual payment of all sums from time to time payable by Piraeus PLC to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, forthwith upon the demand of such Accountholder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay to such Accountholder in respect of the Notes and which Piraeus PLC has failed to pay.

2.2 The Guarantor irrevocably undertakes to each Beneficiary that, if any sum referred to in subclause 2.1 is not recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Beneficiary) the Guarantor will, forthwith upon demand by such Beneficiary, pay such sum by way of a full indemnity in the manner and currency prescribed by the Conditions. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action if any sum is not recoverable under subclause 2.1.

2.3 Notwithstanding the foregoing provisions of subclauses 2.1 and 2.2 hereof, it is specifically agreed that the place of performance of any and all obligations under the Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Deed of Guarantee shall be made out of or to the credit of bank accounts maintained with banks legally operating and situated in London, England.

### **3. Negative Pledge**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 4.

### **4. Taxation**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 10. In particular, if in respect of any payment to be made under this Deed of Guarantee, any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is payable, the Guarantor shall pay the additional amounts referred to in Condition 10, all subject to and in accordance with the provisions of Condition 10.

### **5. Preservation of Rights**

5.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

- 5.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of Piraeus PLC's obligations under any Note or the Deed of Covenant and shall continue in full force and effect until all sums due from Piraeus PLC in respect of the Notes and under the Deed of Covenant have been paid, and all other obligations of Piraeus PLC thereunder have been satisfied, in full.
- 5.3 Subject to recovery, resolution, burden-sharing or other similar measures that may be ordered by a resolution or other authority in a competent jurisdiction affecting the Guarantor and/or Piraeus PLC, neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding up, liquidation or dissolution of Piraeus PLC or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership;
  - (b) any of the obligations of Piraeus PLC under or in respect of the Notes or the Deed of Covenant being or becoming illegal, invalid or unenforceable;
  - (c) time or other indulgence being granted or agreed to be granted to Piraeus PLC in respect of any of its obligations under or in respect of the Notes or the Deed of Covenant;
  - (d) any amendment to, or any variation, waiver or release of, any obligation of Piraeus PLC under or in respect of the Notes or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof; or
  - (e) any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.
- 5.4 Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by Piraeus PLC or any other person on Piraeus PLC's behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 5.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- (a) to make any demand of Piraeus PLC, save for the presentation of the relevant Note;
  - (b) to take any action or obtain judgment in any court against Piraeus PLC; or
  - (c) to make or file any claim or proof in a winding up or dissolution of Piraeus PLC,
- and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Note.
- 5.6 The Guarantor agrees that, so long as any sums are or may be owed by Piraeus PLC in respect of the Notes or under the Deed of Covenant or Piraeus PLC is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not

exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- (a) to be indemnified by Piraeus PLC;
- (b) to claim any contribution from any other guarantor of Piraeus PLC's obligations under or in respect of the Notes or the Deed of Covenant;
- (c) to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes or the Deed of Covenant by any Beneficiary; or
- (d) to be subrogated to the rights of any Beneficiary against Piraeus PLC in respect of amounts paid by the Guarantor under this Deed of Guarantee.

5.7 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Senior Notes will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to Condition 4) and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

5.8 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Dated Subordinated Notes will constitute direct, general and unconditional, subordinated and unsecured obligations of the Guarantor which will be subordinated to the claims of Senior Creditors of the Guarantor in that payments under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and in that no amount shall be payable under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Dated Subordinated Notes and still be able to pay its outstanding debts to Senior Creditors of the Guarantor, which are due and payable.

5.9 In case of dissolution, liquidation and/or bankruptcy of the Guarantor the holders of Dated Subordinated Notes will only be paid by the Guarantor after all Senior Creditors of the Guarantor have been paid in full and such holders of Dated Subordinated Notes irrevocably waive their right to be treated equally with all other unsecured, unsubordinated creditors of the Guarantor in such circumstances.

5.10 Subject to applicable law, no holder of any Dated Subordinated Notes or the Coupons relating thereto (if any) may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Dated Subordinated Notes or the Coupons relating thereto, and each Noteholder or Couponholder shall, by virtue of its subscription, purchase or holding of any Dated Subordinated Note or Coupon relating thereto, be deemed to have waived all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (y) any amount owed by the Guarantor to a Noteholder or Couponholder arising under or in connection with the Dated Subordinated Notes or the Coupons relating thereto; and (z) any amount owed to the Guarantor by such Noteholder or, as the case may be, Couponholder, such Noteholder or, as the case may be, Couponholder will immediately transfer such amount which is set-off to the Guarantor or, in the event of its winding up or dissolution, the liquidator, administrator or other relevant insolvency official of the Guarantor, to be held on trust for the Senior Creditors of the Guarantor.

## **6. Deposit of Deed of Guarantee**

An original of this Deed of Guarantee shall be deposited with and held by the Agent until the date which is two years after all the obligations of Piraeus PLC under or in respect of the Notes and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

## **7. Stamp Duties**

The Guarantor shall pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall, to the extent permitted by law, indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, any reasonable and properly documented legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## **8. Benefit of Deed of Guarantee**

- 8.1 This Deed of Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 8.2 This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.
- 8.3 The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.
- 8.4 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but that does not affect any right or remedy of any person which exists or is available apart from the Act.

## **9. Partial Invalidity**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any applicable jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other applicable jurisdiction shall in any way be affected or impaired thereby.

## **10. Notices**

- 10.1 All notices and other communications to the Guarantor hereunder shall be made in writing (by letter, fax or e-mail) and shall be sent to the Guarantor at:

Address: 4 Amerikis Str  
105 64 Athens  
Greece

Tel: +30 216 300 4330

Fax: + 30 210 325 4207

E-mail: debt\_issuance@piraeusbank.gr

Attention: Piraeus Financial Markets – Treasury/Debt Issuance Desk

or to such other address, fax number or e-mail or for the attention of such other person or department as the Guarantor has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Notes.

10.2 Every notice, demand or other communication sent in accordance with subclause 10.1 shall be effective as follows:

- (a) if sent by letter or fax, upon receipt by the Guarantor; and
- (b) if sent by e-mail, when sent, subject to no delivery failure notification being received by the sender within 24 hours of the time of sending;

*provided that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

## 11. **Bail-in**

Notwithstanding any other term of this Deed of Guarantee, the Conditions or any other agreement, arrangement or understanding between the Issuer, the Guarantor and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Clause 11 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

- (a) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
  - (i) the reduction of all, or a portion, of the Amounts Due on a permanent basis;
  - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Guarantor or another person (and the issue to the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Guarantee, in which case the Noteholder agrees to accept in lieu of its rights under the Guarantee any such shares, other securities or other obligations of the Guarantor or another person;
  - (iii) the cancellation of the Guarantee or Amounts Due; or
  - (iv) the amendment or alteration of the maturity of the Guarantee or amendment of the Interest Amount, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) that the terms of this Deed of Guarantee are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

**12. Governing Law and Jurisdiction**

- 12.1 This Deed of Guarantee (other than subclauses 5.8 and 5.10) and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law. Subclauses 5.8 and 5.10 are governed by and shall be construed in accordance with, Greek law.
- 12.2 The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed of Guarantee, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with this Deed of Guarantee (a "Dispute") and the Issuers submit to the exclusive jurisdiction of the English courts. For the purposes of this subclause 11.2, the Issuers waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- 12.3 The Guarantor agrees that the process by which any Proceedings are begun may be served on it by being delivered to Piraeus Bank S.A., London Branch at Tower 42, 25 Old Broad Street, London EC2N 1PB. If the Guarantor ceases to maintain a branch in England, the Guarantor shall appoint a further person in England to accept service of process on its behalf. Nothing in this sub-clause shall affect the right to serve process in any other manner permitted by law.

**13. Modification**

The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

**IN WITNESS** whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed  
by  
acting as attorney-in-fact  
for and on behalf of  
**PIRAEUS BANK S.A.**  
in the presence of:

Signature of witness: .....

Name of Witness: .....

Address: .....

Occupation: .....

## **GUARANTEE OF DEBT SECURITIES BY THE HELLENIC REPUBLIC**

Under Greek Law 3723/2008 of the Hellenic Republic, as in force, the Minister of Economy and Finance (now called “Minister of Finance”) has the power to provide a guarantee on behalf of the Hellenic Republic for debt securities issued by the credit institutions licensed by the Bank of Greece. This power was granted as part of a package of measures designed to stabilise the financial markets in the Hellenic Republic. The support package has been approved by the European Commission as being compatible with EC Treaty State aid rules.

### **Nature of the guarantee**

Pursuant to Greek Law 3723/2008, as in force, a credit institution may apply to the Minister of Finance for debt securities to be guaranteed by the Hellenic Republic provided such securities fulfil certain criteria. Securities with the benefit of a guarantee from the Hellenic Republic granted pursuant to Greek Law 3723/2008, as in force, will be guaranteed pursuant to a guarantee to be given by the Hellenic Republic in favour of the holders of the relevant securities. Where the applicable Final Terms indicate that such debt securities are unconditionally and irrevocably guaranteed by the Hellenic Republic pursuant to Greek Law 3723/2008, as in force, and associated Ministerial decisions (“Guaranteed Debt Securities”) such debt securities will be unconditionally and irrevocably guaranteed by the Hellenic Republic.

### **Exemption from the provisions of the Prospectus Directive**

Pursuant to Article 1, paragraph 2(d) of the Prospectus Directive the provisions of the Prospectus Directive will not apply to any issue of Guaranteed Debt Securities. No election has been made by Piraeus Bank for Guaranteed Debt Securities to be treated as being within the scope of the Prospectus Directive.

***No Notes issued pursuant to this Offering Circular will be Guaranteed Debt Securities and Guaranteed Debt Securities may not be offered to the public in any country of the European Union or admitted to trading on the regulated market of any country of the European Union using this Offering Circular. In respect of an issue of Guaranteed Debt Securities under the Programme, a separate information memorandum will be prepared.***

## TAXATION

### Taxation in the Hellenic Republic

The following discussion of Greek taxation, as it relates to the Notes and the Guarantee, is of a general nature and is based on the provisions of the income tax law, Greek Law 4172/2013, as amended and in force as at the date of this Offering Circular. It should be noted, however, that Greek tax law is subject to frequent changes, including changes resulting from the periodic reviews of the Third Economic Adjustment Programme discussed elsewhere in this Offering Circular and consequently, Noteholders should consult their professional advisers prior to purchasing, selling or otherwise transacting in Notes, as the discussion below is not exhaustive and does not purport to deal with all the tax consequences applicable to all possible categories of holders of Notes, some of which may be subject to special rules. Further, Non-Resident Noteholders (as defined below), may have to submit a tax residence certificate or produce documentation evidencing non-residence in order to claim any exemption under applicable tax laws of Greece or in the context of a DTT (as defined below) entered into between Greece and the jurisdiction in which a Non-Resident Noteholder is a tax resident.

Prospective holders of Notes are advised to consult their own tax advisers as to the laws of Greece and other tax consequences of the purchase, ownership and disposal of the Notes.

#### *Payment of principal under the Notes and the Guarantee*

No Greek income tax will be imposed on payments of principal to any Noteholders in respect of Notes:

- (a) issued by Piraeus PLC or Piraeus Bank; or
- (b) issued by Piraeus PLC and made by Piraeus Bank under the Guarantee.

#### *Payments of interest on the Notes*

Payments of interest on the Notes issued by Piraeus PLC and held by:

- (a) Noteholders who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes (the "Non-Resident Noteholders") will not be subject to Greek income tax, provided that such payments are made outside of Greece by a paying or other similar agent who neither resides nor maintains a permanent establishment in Greece for Greek tax law purposes; and
- (b) Noteholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes (the "Resident Noteholders") will be subject to Greek withholding income tax currently at a flat rate of fifteen per cent., if such payments are made directly to Resident Noteholders by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding tax may not exhaust the tax liability of certain types of Resident Noteholders.

Payments of interest on the Notes issued by Piraeus Bank and held by:

- (a) Non-Resident Noteholders will be subject to Greek withholding income tax currently at a flat rate of fifteen per cent. subject to the provisions of any applicable tax treaty for the avoidance of double taxation of income and the prevention of tax evasion (a "DTT") entered into between Greece and the jurisdiction in which such a Noteholder is a tax resident;
- (b) Resident Noteholders will be subject to Greek withholding income tax at a flat rate of fifteen per cent., which may not exhaust the tax liability of certain types of Resident Noteholders.

### *Payments of interest under the Guarantee*

Payments of interest by Piraeus Bank under the Guarantee made:

- (a) Resident Noteholders shall have the same tax treatment as payment of interest on the Notes described above; and
- (b) Non-Resident Noteholders will be subject to Greek withholding income tax currently at a flat rate of 15 per cent., subject to the provisions of any applicable DTT entered into between Greece and the jurisdiction in which a Non-Resident Noteholder is a tax resident.

### *Disposal of Notes – Capital Gains*

Capital gains resulting from the transfer of Notes issued by Piraeus PLC or Piraeus Bank pursuant to Greek Law 3156/2003, as in force, and earned by Non-Resident Noteholders or Resident Noteholders will not be subject to Greek income tax.

### **Taxation in the United Kingdom**

The following is a summary of the Issuer's understanding of United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments are made on the assumption that Piraeus Bank is not resident in the United Kingdom for United Kingdom tax purposes and that any interest on Notes issued by Piraeus Bank (other than through its UK branch) will not have a UK source. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments of interest in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### **A. No UK Withholding Tax on non-UK Source Interest**

Payments of interest on Notes that do not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

#### **B. UK Withholding Tax on UK Source Interest**

Payments of interest on Notes that have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

##### *B.1 Notes Listed on a Recognised Stock Exchange*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a “recognised stock exchange” within the meaning of Section 1005 of the Income Tax Act 2007 (the “Act”). The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are admitted to trading on the Luxembourg Stock Exchange’s regulated market and they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in European Economic Area states. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a “recognised stock exchange”, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom income tax.

#### *B.2 Notes that are regulatory capital securities*

Payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom income tax if the Notes “are regulatory capital securities”, provided that there are no arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the Corporation Tax Act 2010) for any person as a result of the application of the Taxation of Regulatory Capital Securities Regulations 2013 in respect of the Notes. The Notes will be “regulatory capital securities” if they qualify, or have qualified, as Additional Tier 1 instruments under Article 52 or Tier 2 instruments under Article 63 of Commission Regulation (EU) No 575/2013 and form, or have formed, a component of Additional Tier 1 capital or Tier 2 capital for those purposes.

#### *B.3 Notes issued by Piraeus Bank acting through its UK branch*

In addition to the exemption set out in B.1 above, interest on Notes issued by Piraeus Bank acting through its UK branch may be paid without withholding or deduction for or on account of United Kingdom income tax provided that, and for so long as Piraeus Bank continues to act through its UK branch, it is and continues to be a “bank” within the meaning of section 991 of the Act, the interest on the Notes is and continues to be paid in the ordinary course of its business within the meaning of section 878 of the Act, and the Notes are not “regulatory capital securities” as described above.

#### *B.4 Notes with short maturity dates*

Payments of interest on Notes may be paid without withholding or deduction for or on account of United Kingdom income tax if the relevant interest is paid on Notes with a maturity of less than 365 days from the date of issue and which do not form part of a scheme or arrangement of borrowing intended to be part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

#### *B.5 All other Notes*

In all other cases, an amount must generally be withheld from payments of interest on the Notes which has a UK source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any other available exemptions and reliefs. However, where an applicable double taxation treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue and Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double taxation treaty).

### **C. Payments by the Guarantor**

The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Guarantee which have a United Kingdom source is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemptions described above in relation to payments of

interest. Accordingly, if the Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.), subject to such relief as may be available under an applicable double taxation treaty or to any other exemption which may apply.

#### **D. Payments under the Deed of Covenant**

Any payments made by an Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

#### **E. Other rules relating to United Kingdom Withholding Tax**

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in B above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax paid if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” in A to E above mean “interest” as such term is understood for United Kingdom tax purposes. The statements in A to E above do not take account of any different definition of “interest” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 16 of the Notes or otherwise and does not consider the tax consequences of such a substitution.

### **Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### ***Withholding Tax***

##### *(i) Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

##### *(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “Relibi Law”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

### **The Proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. The Issuers are foreign financial institutions for these purposes. A number of jurisdictions (including the UK and Greece) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term)

for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of an Issuer). However, if additional Notes (as described under Condition 17) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

## **SUBSCRIPTION AND SALE**

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”) dated 11 August 2017 agreed with Piraeus Bank and Piraeus PLC a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement, Piraeus Bank and Piraeus PLC have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The applicable Final Terms will identify whether TEFRA C rules (“TEFRA C”) or TEFRA D rules (“TEFRA D”) apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer, or in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all the Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Prohibition of sales to EEA Retail Investors**

From 1 January 2018, unless the Final Terms in respect of any Notes specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an

investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes issued by Piraeus PLC having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Guarantor would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief having made all due and proper enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of Piraeus PLC, Piraeus Bank and any other Dealer shall have any responsibility therefor.

None of Piraeus PLC, Piraeus Bank and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any

jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes by Piraeus PLC have been duly authorised by resolutions of the Board of Directors of Piraeus PLC dated 2 June 2004, 21 July 2005, 14 June 2007, 27 June 2008, 28 July 2009, 5 August 2010, 14 July 2011, 14 June 2012, 14 June 2013, 21 July 2014, 13 July 2016 and 11 July 2017. The establishment and update of the Programme and the giving of the Deed of Guarantee have been duly authorised by resolutions of the Board of Directors of Piraeus Bank dated 12 May 2004, 13 July 2005, 18 April 2007, 31 October 2007, 8 April 2009, 17 March 2010, 14 July 2010, 20 July 2011, 13 June 2012, 28 June 2013 and 28 June 2017.

Any issue of Notes by Piraeus Bank under the Programme is subject to the prior decision of the Board of Directors of Piraeus Bank.

### Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus in respect of Piraeus PLC and in respect of Piraeus Bank. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of each Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the constitutional documents of Piraeus Bank and Piraeus PLC (in English);
- (ii) the audited IFRS financial statements of Piraeus Bank in respect of the financial years 31 December 2016 and 31 December 2015 (in both cases with an English translation thereof) (in each case together with the audit reports prepared in connection therewith);
- (iii) the audited financial statements of Piraeus PLC in respect of the financial years ended 31 December 2016 and ended 31 December 2015 (in each case together with the audit reports prepared in connection therewith);
- (iv) the financial statements of Piraeus Bank in respect of the three months ended 31 March 2017, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31 March 2017;
- (v) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the forms of the temporary global Notes, the permanent global Notes, the Notes in definitive form, the Coupons and the Talons;
- (vi) a copy of this Offering Circular; and
- (vii) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and Final Terms and any other documents incorporated herein or therein by reference.

In addition, copies of this Offering Circular, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference herein are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Method for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer in consultation with the relevant Dealer prior to the relevant issue of Notes and will depend, amongst other things, on prevailing market conditions at that time.

The issue price in respect of any Notes to be issued under the Programme will be disclosed either in the applicable Final Terms or will be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

### **Material or Significant Change**

There has been no material adverse change in the prospects of Piraeus Bank, or the Group, since 31 December 2016, and no significant change in the financial position of Piraeus Bank or the Group since 31 March 2017.

There has been no material adverse change in the prospects of Piraeus PLC since 31 December 2016 and no significant change in the financial position of Piraeus PLC since 31 December 2016.

### **Litigation**

The Group's provision for outstanding litigations as at 31 March 2017 amounts to €29.2 million from continuing operations against €27.2 million respectively as at 31 March 2016, while there were no provisions from discontinued operations as at 31 March 2017 or 31 March 2016. The legal proceedings outstanding against the Group as at 31 March 2017 for which no provisions have been recorded are not expected to have any significant impact of the financial statements of the Group.

A number of individual lawsuits and a class action lawsuit have been filed against Piraeus Bank concerning the validity of specific terms of the loan contracts granted by Piraeus Bank in Swiss Francs ("CHF"). At first instance, judgements have been issued only for individual lawsuits, the majority of which are in favour of Piraeus Bank, whereas in relation to the class action no judgement has been issued yet. The management of Piraeus Bank, under advisory of the legal department, is monitoring the developments of the cases mentioned above to determine the accounting implications, in accordance with the relevant requirements of IAS 37.

Other than as described in the paragraph above, none of Piraeus PLC, Piraeus Bank or any subsidiary of Piraeus Bank is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Piraeus

PLC or Piraeus Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of Piraeus PLC, Piraeus Bank or the Group.

### **Auditors of Piraeus PLC**

The current auditors of Piraeus PLC are PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT, United Kingdom (member of the Institute of Chartered Accountants in England and Wales) up until the next assembly meeting in September 2017, where they will be released from their duties and Deloitte LLP Hill House, 1 Little New Street, London, EC4A 3T, will be appointed as the new statutory auditors for 2017. The financial statements of Piraeus PLC for the years ended 31 December 2016 and 2015 have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports which have been incorporated by reference.

The auditors' report on the financial statements of Piraeus PLC for the year ended 31 December 2015 (on page 8 of the report) contains a paragraph headed "Emphasis of matter – Basis of preparation".

The paragraph states:

"In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. Following a liquidity management exercise on 7 December 2015 the Company has ceased its principal activity. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements as a result of this change."

### **Auditors of Piraeus Bank**

The current statutory auditors of Piraeus Bank are Deloitte Certified Public Accountants S.A., 3a Fragkoklissias & Granikou Str., GR-151 25 Maroussi, Athens, Greece (member of the Institute of Certified Public Accountants of Greece).

The former statutory auditors of Piraeus Bank were PricewaterhouseCoopers S.A., 268 Kifissias Avenue 152 32 Halandri, Greece (member of the Institute of Certified Public Accountants of Greece). PricewaterhouseCoopers S.A.'s term of office ended on 27 June 2017.

The audited consolidated financial statements of the Group as of 31 December 2016 and 31 December 2015 were prepared in accordance with the IFRS and have been audited by PricewaterhouseCoopers S.A. – Athens, independent auditors as stated in their reports which have been incorporated by reference.

The auditors' report on the consolidated and separate financial statements of Piraeus Bank and the Group for the year ended 31 December 2016 (on pages 59 and 60 of the report) contains a paragraph headed "Emphasis of matter" in relation to the Group's ability to continue as a going concern.

The paragraph in relation to the consolidated financial statements of the Group states:

"Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption."

The auditors' report on the consolidated and separate financial statements of Piraeus Bank and the Group for the year ended 31 December 2015 contained a paragraph substantially in the same

terms as described above in relation to the financial statements for the year ended 31 December 2016.

## Yield

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$\text{Issue Price} = \frac{\text{Coupon}}{m} * \frac{1 - \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{n*m}} \right]}{\frac{\text{Yield}}{m}} + \left[ \text{Final Redemption Amount} * \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{n*m}} \right] \right]$$

Where:

“Coupon” means the annual coupon as specified in the applicable Final Terms;

“Yield” means the annual yield to maturity;

“m” means the number of interest payments in a year; and

“n” means the number of years to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication of prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

m = 2

n = 6

Coupon = 3.875 per cent.

Issue Price = 99.392 per cent.

Final Redemption Amount = 100 per cent.

$$\text{Issue Price} = \frac{\text{Coupon}}{m} * \frac{1 - \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{n*m}} \right]}{\frac{\text{Yield}}{m}} + \left[ \text{Final Redemption Amount} * \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{m}\right)^{n*m}} \right] \right]$$

Yield = 3.99 per cent. (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

The issue price and the amount of the relevant Notes will be determined before the filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions.

### **Conflicts**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for Piraeus PLC and/or Piraeus Bank and/or their respective affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Piraeus PLC and/or Piraeus Bank and/or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Piraeus PLC and/or Piraeus Bank and/or their respective affiliates routinely hedge their credit exposure to the relevant entity consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of Piraeus PLC and/or Piraeus Bank and/or their respective affiliates, including potentially any Notes offered hereby. Any such short positions could adversely affect future trading prices of any Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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*(from 28 June 2017)*

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