



**CORPORATE GOVERNANCE STRUCTURE
AND
OPERATING REGULATION**



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1.0	9/04/2003	Memorandum 1330/9-04-2003

RELATED DOCUMENTS / APPENDICES

TITLE	ISSUED BY
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ORGANISATION CHART	
RESPONSIBILITIES of the ORGANISATIONAL UNITS	
EXECUTIVE & MANAGEMENT COMMITTEES AND COUNCILS	

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INTRODUCTION

The Board of Directors of Piraeus Bank, during its meeting on 25.09.2014, having considered:

- the provisions of the codified law 2190/1920 on companies S.A., as amended and applicable,
- the provisions of law 3873/2010 for the incorporation of the European Parliament's and Council's Directive 2006/46/EC to the Greek legal order concerning the annual and consolidated accounts of certain types of companies and the European Parliament's and Council's Directive 2007/63/EC as regards the requirement for an independent expert's report on the occasion of a merger or division of companies S.A.
- the provisions of law 3884/2010 for the incorporation of the European Parliament's and Council's Directive 2007/36/EC of July 11th 2007, to the Greek law concerning the exercise of certain rights of shareholders in listed companies – Amendment and adaptation of the codified law 2190/1920 on companies S.A. and law 2396/1996.
- the provisions of Law 4261/2014 for the incorporation of the Directive 2013/36/EU to the Greek law, regarding the Access to the credit institutions' activity and the prudential supervision of credit institutions and enterprises;
- the provisions of Law 3556/2007 regarding notification obligations of companies whose financial instruments have been accepted for trading in an organised market, as well as the relevant rules and circulars of the Capital Market Commission (HCMC);
- the provisions of Law 3340/2005 regarding the duties of persons possessing privileged information, as well as the relevant rules and circulars of the Capital Market Commission (HCMC);
- the provisions of Law 3016/2002 regarding corporate governance;
- the provisions of Law 3371/2005 regarding obligations of corporations listed in a stock exchange;
- the provisions of Capital Market Commission (HCMC) Rule 5/204/14.11/2000 regarding the duties of companies with shares listed in a stock exchange;
- the provisions of the Athens Exchange (ATHEX) Regulations;
- the provisions of the Bank of Greece Governor's Act 2577/9.3.2006 regarding the operational principles and criteria for the evaluation of the organisation and Internal Control Systems of credit and financial institutions;
- the provisions of the Bank of Greece Governor's Act 2501/31.10.2002 regarding Credit institutions' disclosure requirements to retail customers with respect to terms and conditions governing their transactions;
- the provisions of the Bank of Greece Governor's Act 2595/20.8.2007 for establishing the criteria that should govern the Internal Capital Adequacy Assessment Process (ICAAP) of credit institutions and the Supervisory Review Process by the Bank of Greece;
- the provisions of the Bank of Greece Governor's Act 2614/7.4.2009 regarding the framework for supervision of the liquidity of credit institutions by the Bank of Greece, and
- the best international corporate governance practices,

is revising the Bank's Corporate Governance Structure and Operating Regulation (henceforth "the Regulation").

The Regulation and its appendices, which are integral parts thereof, comprises an internal document of the Bank and is supplementary to the provisions of its Articles of Association, which hierarchically is the superior to Bank's Regulations. The main objectives of the Regulations are:

- i) to ensure the Bank's continued compliance with the laws and regulations governing its organization and operation and its activities;
- ii) to develop a self-regulating framework within the Bank by establishing binding rules for its administration, management and staff, which complement the provisions of the existing regulatory framework and are being established with a view to enhancing the Bank's sound and responsible management and operation;
- iii) to ensure transparency, integrity, functionality and efficiency of the existing system of the Bank's corporate governance and internal audit; and
- iv) to enhance confidence in the Bank of its domestic and foreign investors, shareholders, employees and customers.

It is noted that the present Regulation will not include full details on the principles and obligations, which are observed by the Bank, pursuant to the legislative and regulatory provisions in force.

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1. CORPORATE GOVERNANCE

1.1. Shareholders - General Meeting of Shareholders

The General Meeting of the Shareholders of Piraeus Bank is the supreme body of the Bank and among other functions, it is responsible for electing the members of the Board of Directors. The procedures and rules for convoking a General Meeting, for attending it and for making resolutions during the course of a meeting, as well as its competences are regulated in detail by the Bank's articles of association and by Codified Law 2190/1920, which it complies with.

The Bank ensures equal treatment of all its shareholders. Each ordinary share of Piraeus Bank provides the holder thereof any rights under the law and its articles of association, particularly:

- The right to participate and vote in the General Meeting;
- The right to a dividend from the Bank's profits. After deduction only of the statutory reserve, 35% of net profits are distributed from each year's profits to shareholders as the first dividend, and the General Meeting resolves on distribution of an additional dividend. Exceptionally, as long as the Greek State holds preferred shares of the Bank, Law 3723/2008 stipulates that the distribution cannot exceed the above-mentioned first dividend. The record date for determining the beneficiaries of dividend payments is announced at the Annual General Meeting. The dividend is paid to shareholders within approximately seven working days after the above record date and is specifically announced in the press. Entitlement to the dividend lapses and the corresponding amount devolves to the State five years after the end of the year in which the General Meeting approved the distribution;
- The right to the proceeds of liquidation or, respectively, of depreciation of capital corresponding to the share, if the General Meeting so resolves. The General Meeting of Shareholders of the Bank shall retain all its rights during the liquidation;
- The pre-emptive right to any increase of share capital made in cash and issue of new shares, unless the General Meeting resolving on the increase resolves otherwise;
- The right to receive a copy of the financial statements and the reports of auditors and the Board of Directors.

Minority interests are governed by the provisions of Article 39 ff of Codified Law 2190/1920, as amended and applicable.

1.1.1. Convening of General Meeting

1.1.1.1. The General Meeting is convened at least twenty (20) days prior to the session (not including the days of invitation and session) by Board of Directors' invitation to the shareholders, which is published as follows:

- a. in the Government Gazette issue on Companies S.A. and Limited Liability Companies
- b. in a daily political newspaper published in Athens
- c. in a daily economic newspaper from those fulfilling the requirements of law according to the relevant decree of the Minister of Trade, which is issued on the basis of the document of the Minister of Press and Mass Media.

According to the provision of the article 232 of the law 4072/2012, the publication of the information provided for according to the law 2190/1920 in newspapers (political / economic) may be replaced by the uploading of information on the web page of the company in accordance with the following conditions: a) the relevant web page must be registered in the company's Section of Companies' Registry and b) the relevant Registry must be informed without delay of any relevant uploading performed instead of a publication in a newspaper and any related deadlines start or expire from the notification of the uploading.

Within this framework, the Bank has disclosed the web page www.piraeusbankgroup.com in which all the publications required by the law are uploaded.

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1.1.1.2. The invitation sets out at least the premises with the exact address, year and time of the session and the issues of the daily agenda, clearly. In addition, it

- defines the record date, as provided for in article 28a of paragraph 4 of the codified law 2190/1920, noting that only the individuals, who are shareholders, have a voting and participation right in the general meeting,
- includes exact instructions about the way in which the shareholders may participate in the meeting and exercise their rights in person or via a representative, including the procedure for the exercise of the voting right through a representative and in particular the documents, which are used by the Bank to that end, as well as the means and methods provided for in the articles of association, in accordance with the law 28a paragraph 3 of the codified law 2190/1920, in order to receive e-notifications of nomination and dismissal of representatives
- includes information about the shareholders' rights of paragraphs 2, 2a, 4 and 5 of article 39 of codified law 2190/1920, mentioning the time period within which each right can be exercised, within the respective deadlines defined in the paragraphs of the article 39 of the codified law 2190/1920, as afore-mentioned,
- discloses the place at which the full text of documents and drafts of decisions is available, which are provided for in cases c and d of paragraph 3 of article 27 of codified law 2190/1920, as well as the way in which they can be received,
- refers to the Bank's website address, where the information of paragraph 3 of the article 27 of codified law 2190/1920 is available, that is:
 - a) the invitation for convening of general meeting,
 - b) the total number of existing shares and voting rights on the date of invitation, including the separate totals per category of shares,
 - c) the documents to be submitted to the general meeting,
 - d) the explanatory report / comments of the Board of Directors for each issue of the afore-mentioned daily agenda and any drafts of decisions proposed by the shareholders, immediately after they are received from the company,
 - e) the documents that must be used for the exercise of voting right via representative.

1.1.2. Participation of shareholders in General Meeting

Every shareholder has participation and voting rights in the General Meetings, as long as he/she appears to be a shareholder in the archives of the body, in which the Bank's securities are held, on the record date that is determined according to the article 28A par.4 of the L. 2190/1920. The capacity as a shareholder is proven by the presentment of the relevant written confirmation of the above-mentioned body or, alternatively, via direct online connection of the Bank with the archives of the latter. The shareholder's exercise of rights does not require the blocking of shares or the adherence of another relevant procedure, which limits the possibility of their sale and transfer during the time period that intervenes between the record date and the relevant General Meeting. The shareholder participates in the General Meeting and votes either in person or via representatives.

1.1.3. Quorum and decision-making by General Meeting

1.1.3.1. The General Meeting is in quorum and takes decisions on the issues of the daily agenda, which are considered valid, if the shareholders representing at least 1/5 of the paid-up share capital are present or represented.

1.1.3.2. In the absence of a quorum, the General Meeting is convened again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before the convening, while at the first repeating session, the meeting is in quorum and takes decision for the issues of the initial daily agenda, which are considered valid, irrespective of the represented part of the paid-up share capital.

1.1.3.3. On an exceptional basis, for the decisions concerning the change of Bank's nationality, change of this enterprise's main activity, augmentation of shareholders' liabilities, share capital increase that it is not provided for in the articles of association, according to the paragraphs 1 and 2 of the article 13 of the codified law 2190/1920, unless it is dictated by the law or performed by capitalization of reserves, share capital decrease, unless it is performed according to the paragraph 6 of the article 16 of the codified law 2190/1920, change of the way of appropriating the profits, merger,

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division, conversion, revival, extension of duration or winding-up of company, renewal of Board of Director's power or granting the Board of Directors power to increase the share capital, according to paragraph 1 of the article 13 of the cod. Law 2190/1920, and in any other case as specified by the law, the meeting is in quorum and takes valid decisions on the issues of the daily agenda, when the shareholders representing the two thirds (2/3) of the paid-up share capital are present or represented in it.

1.1.3.4. In the absence of a quorum, the General Meeting is convened once again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before its convening, while at the first repeating session, the meeting is in quorum and takes valid decisions on the issues of the initial daily agenda, when at least the ½ of the paid-up share capital is represented. If no quorum is reached, the General Meeting is convened once again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before its convening, while at the second repeating session, the meeting is in quorum and takes valid decisions on the issues of the initial daily agenda, when at least the 1/5 of the paid-up share capital is represented.

A more recent invitation is not required for the convening of the first or second repeating session, if the initial invitation specifies the place and time of repeating sessions, which are provided for by the law in the absence of quorum, under the condition that at least ten (10) full days elapse between each cancelled session and each repeating one.

1.1.3.5. The General Meeting's decisions are taken by an absolute majority of the votes represented in the session. On an exceptional basis, the decisions provided for in the par. 3 and 5 of the article 29 (under 1.1.3.3. as above-mentioned) are taken by a majority of 2/3 of the votes represented in the session.

1.1.4. Minority and control rights

1.1.4.1. Minority rights

a. At the request of shareholders, who represent 1/20 of the paid-up share capital, the Board of Directors is obliged to convene an extraordinary general meeting of shareholders, specifying the day of its session, which shall not be more than forty five (45) days from the date of service of request to the Chairman of the Board of Directors. The request contains the subject of the daily agenda. If the general meeting is not convened by the Board of Directors within twenty (20) days from the service of the relevant request, it shall be convened by the shareholders, who have submitted the request, at the expense of the company, following the judgement of the single-member Court of First Instance of the company's headquarters, which is issued in the procedure for interim measures. This judgement determines the place and time of session, as well as the daily agenda.

b. At the request of shareholders, who represent one-twentieth (1/20) of the paid-up share capital, the board of Directors is obliged to record additional issues in the daily agenda of the general meeting, which has already been convened, if the relevant request is received by the Board of Directors within at least 15 days prior to the general meeting. The request for recording additional issues in the daily agenda is accompanied by an explanation or a draft decision for approval to the general meeting and the revised daily agenda is published in the same way as the previous daily agenda, that is thirteen (13) days prior to the date of the general meeting. At the same time, it is made available to the shareholders through the Bank's webpage, along with the explanation or the draft decision that is submitted by the shareholders, as referred to in article 27, paragraph 3 of the cod. law 2190/1920.

c. At the request of shareholders, who represent 1/20 of the paid-up share capital, the Board of Directors shall make available to the shareholders the draft decisions on the issues included in the initial or the revised daily agenda, as specified in the article 27, paragraph 3 of the cod. law 2190/1920, six (6) days prior to the date of the general meeting, if the relevant request is received by the Board of Directors, at least seven (7) days prior to the date of the general meeting.

d. At the request of a shareholder or shareholders, who represent 1/20 of the paid-up share capital, the chairman of the meeting is obliged to postpone the decision-making from the general meeting, either regular or extraordinary, only once, for all or certain issues, by setting the date specified in the shareholders' request as the one for continuation of the session, which shall not be more than 30 days from the date of postponement. The general meeting, following the postponement, is the continuation of the previous one and the publication of the shareholders' invitation is not required to be reformulated. The new shareholders can also participate in it, in compliance with the provisions of the articles 27, paragraph 2, 28 and 28a of the cod. law 2190/1920.

e. At the request of shareholders, who represent 1/20 of the paid-up share capital, the decision-making on any issue of the daily agenda of the general meeting is effected by roll-call vote.

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f. At the request of shareholders, who represent 1/20 of the paid-up share capital, the Board of Directors is obliged to announce in the Regular general meeting the sums paid to each member of the Board of Directors or Bank's directors, within the last two years, as well as any provision to the afore-mentioned individuals for any reason whatsoever or due to the Bank's contract with them.

g. Following the request of any shareholder, which is submitted to the company at least 5 full days prior to the general meeting, the Board of Directors is obliged to provide the general meeting with the specific requested information about Bank's cases, in so far as they are useful for the factual assessment of the issues of daily agenda. The Board of Directors may provide a single reply to shareholders' requests with same content. There is no obligation for the Board of Directors to provide information, if the relevant information is already available in the company's webpage and, particularly, in the form of questions and replies.

In the above-mentioned cases falling under f and g, the Board of Directors may refuse to provide information for a substantial reason, which is registered in the minutes. In the light of the prevailing circumstances, such a reason could be the representation of the shareholders, who submitted the request, in the Board of Directors, according to the paragraphs 3 or 6 of the article 18 of cod. law 2190/1920.

h. Following the shareholders' request, who represent 1/5 of the paid-up share capital and submit the request to the Bank within the deadline of the previous paragraph, the Board of Directors is obliged to provide the general meeting with information about the progress of the company's cases and the Bank's assets. The Board of Directors may refuse to provide information for a substantial reason, which is registered in the minutes. In the light of the prevailing circumstances, such a reason could be the representation of the shareholders, who submitted the request, in the Board of Directors, according to the paragraphs 3 or 6 of the article 18 of cod. law 2190/1920, provided that the respective members of the Board of Directors have received the relevant sufficient information.

In all the cases of exercise of minority right, the shareholders, who submitted the request, are obliged to prove their capacity as shareholders and the number of shares they possess upon the exercise of the relevant right. Such a proof is the presentment of confirmation from the body, in which the Bank's securities are held or the authentication of the capacity as shareholder via direct online connection between the body and the Bank.

1.1.4.2. Control right

a. The shareholders representing at least 1/20 of the paid-up share capital, are entitled to ask for the Bank's control from the single-member court of first instance in Athens, which sits under voluntary jurisdiction.

b. The shareholders representing 1/5 of the paid-up share capital, are entitled to ask for the Bank's control from the single-member court of first instance in Athens, provided that its overall course has led to the belief that the governance of the company's cases is not exercised according to the principles of sound and prudent management.

1.2. Board of Directors

1.2.1 Composition

The Bank's Board of Directors as a whole possesses sufficient knowledge and experience at least for the most important activities of the Bank, including the principal risks to which the Bank is exposed or may be exposed, in order to enable it to oversee the totality of its operations either directly or through its competent Committees, as these are detailed in the relevant chapters hereof. The members of the Board possess the requisite credibility, independence as well as the necessary guarantees to ensure prudent and diligent management of the Bank's affairs and they are regularly assessed, at least on an annual basis, by the competent Nomination Committee of BoD Members. All the members of the Board of Directors dedicate sufficient time to the execution of their duties. Among the members recommended for election by the General Meeting, there should also be persons with experience in financial, accounting, audit as well as risk and capital management issues and basic understanding of the relevant legal and regulatory aspects. Throughout the whole term of office of the BoD, the Bank Units responsible on a case-by-case basis, ensure the performance of presentations to the BoD members, concerning the important new data applicable in each case, on issues related to the Bank's activities and internal operation and especially for issues such as risk management, financial management, accounting, regulatory framework and corporate governance. To enhance transparency in the management of the Bank and to avoid cases of conflict of interest and incompatible roles, the Bank adopts the best practices and corporate governance principles, which inter alia refer to a separation of the executive functions and oversight responsibilities of the Board members.

The Board of Directors consists of Executive and non-Executive members, whose capacity is designated by the Board

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upon its constitution. Executive members are responsible for the day-to-day management of the Bank's affairs, while non-Executive Directors are charged with promoting all corporate affairs. A non-Executive member of the BoD is elected as a Chairman of the BoD. The majority of the BoD members are non-Executive and the 50% of them should fulfil the independence criteria, as specified in the provisions of the I.3016/2002 and the Commission Recommendation 2005/162/EC, while at least two (2) of them shall be independent members, who are appointed by the General Meeting according to the provisions of the I.3016/2002. Should the Board elect an interim Member to serve until the next General Meeting of Shareholders to replace an independent Member who has resigned, died or forfeited his capacity in any other manner, such a Member also shall be independent. At least two (2) BoD members must be executive. Any deviation from the above-mentioned layered structure of the BoD, provided that it does not contravene an express provision of the law or the Articles of Association, shall not affect the formal constitution and the validity of the decisions of the (article 10 of I.3016/2002).

According to the I. 3016/2002, the independent non-Executive members of the Board of Directors shall not have a shareholding in excess of 0.5% of the Bank's share capital, nor shall they be dependent in any way on the Bank or on any entities associated with it. Dependence is established when a BoD member:

- Maintains a business or other professional relationship with the Bank or company associated with it in the meaning of article 42e paragraph 5 of Codified Law 2190/1920, whose nature shall affect its business activities, particularly when he/it is a major supplier (in other words, supplies the Bank with fixed assets, consumables and services amounting to more than 10% of the Bank's annual turnover) or is a major customer of the Bank (in other words, maintains an approved credit limit in excess of 5% of the Bank's book assets).
- Is the Chairman of the Bank's Board of Directors or a member of its management, or if he has these capacities, or is an executive Member of a company associated with the Bank in the meaning of article 42e paragraph 5 of Codified Law 2190/1920, or is retained or employed by the Bank or any of its associated enterprises;
- Is related by blood or by affinity to the second degree (offspring, parent, sibling, grandfather, grandchild), or is the spouse of a BoD's Executive Member, or a manager or a majority shareholder of the Bank or of any of its associated enterprises, in the meaning of article 42e paragraph 5 of Codified Law 2190/1920;
- Has been appointed according to article 18 paragraph 3 of Codified Law 2190/1920.

Furthermore, according to the Commission Recommendation 2005/162/EC the independence criteria stipulate that the BoD member:

- a) Should not be an executive or a managing director of the Bank or an associated company, nor have been in such a position for the previous five years;
- b) Should not be an employee of the Bank or an associated company, nor have been in such a position for the previous five years,
- c) Should not receive, nor have received, significant additional remuneration from the Bank or an associated company, apart from a fee received as a non-executive or supervisory director.
Such additional remuneration covers in particular any participation in a share option or any other performance-related pay scheme.
However, it does not cover the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the company (provided that such compensation is not contingent in any way on continued service);
- d) Should not be or represent in any way the controlling shareholder(s) (according to the Community's definition of control));
- e) Should not have, nor have had within the last year, a significant business relationship with the company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body having such a relationship.
Business relationships include the situation: (i) of a significant supplier of goods or services (including financial, legal, advisory or consulting services), (ii) of a significant customer, and (iii) of organisations that receive significant contributions from the company or its group;
- f) Should not be, nor have been within the last three years, partner or employee of the present or former external auditor of the company or an associated company;
- g) Should not be an executive or managing director in another company in which an executive or managing director of the Bank is non-executive or supervisory director, nor have other significant links with executive directors of the Bank through involvement in other companies or bodies;

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- h) Should not have served on the management or supervisory board as a non-executive or supervisory director for more than three consecutive terms or, alternatively, more than twelve consecutive years;
- i) Should not be a close family member of an executive or managing director, or of persons in the situations referred to in points a) to g).

According to paragraph 3 of the article 83 of the L. 4261/2014, the BoD members are not allowed to hold more positions, concurrently, from the following combination in the Boards of Directors: a) one position of executive member and two positions of non-executive member of the Board of Directors and b) four positions of non-executive member of the Board of Directors. The following are reckoned as possession of one position in the Board of Directors: a) positions of executive or non-executive BoD member, which are held within the same Group, b) positions of executive or non-executive BoD member within the framework of: a) institutions, which are members of the same institutional framework of protection, as specified in article 113 of the Regulation (EU) No. 575/2013, provided that the requirements encompassed therein are fulfilled, which are defined in paragraph 7 of that article or b) enterprises (including the non-financial entities) in which the institution holds a special participation. The positions in the management bodies of entities, which do not seek, primarily, any commercial purposes are not taken into account. The possession of an extra position as a non-executive BoD member may be permitted to the BoD members, following the relevant permission of the Bank of Greece.

The Secretary of the Board of Directors (Corporate Secretary) shall ensure that its composition complies with the institutional framework in effect. Any change to the composition of the Board shall be published immediately in accordance with the provisions of Laws 3340/2005 and 3556/2007.

To establish its compliance with the provisions of Law 3016/2002, within twenty (20) days from the constitution of the Board of Directors, the Bank shall submit to the Capital Market Committee via its Corporate Announcements Service:

- i) the minutes of the General Meeting of Shareholders which elected the independent members of Board of Directors, and
- ii) the minutes of the Board of Directors' meeting in which the capacity of each Member is determined, as Executive or non-Executive, or in which it is reconstituted, or in which an interim independent Member is elected to replace another who has resigned, died or forfeited his capacity in any other manner.

Corresponding information shall be sent to the other responsible supervisory authorities.

1.2.2 Corporate Secretary

The works of the Board of Directors are supported by a capable, specialized and experienced Corporate Secretary, who is appointed by it and attends its sessions. The Corporate Secretary provides practical support to the Chairman and to the other members of the Board of Directors, collectively and individually, in the light of the BoD's compliance, according to the legal and regulatory framework in force and the Bank's internal rules. The responsibilities of the Corporate Secretary include the assurance of the good flow of information between the BoD and its Committees, as well as between the top management and the BoD. It is also one of the responsibilities of the Corporate Secretary to implement the introductory briefing of the BoD members, which is prepared in cooperation with the responsible Bank units and their continuous information as well as training on the company-related issues. In addition, the Corporate Secretary coordinates the organization of the shareholders' general meetings and ensures their smooth holding. The appointment and recall of the Corporate Secretary is performed following the BoD's resolution.

1.3. BoD Members' Duties / Responsibilities

The BoD Members' main duty and responsibility shall be constantly to seek to enhance the Bank's long-term financial value and to advocate the general corporate interest. The Board of Directors is responsible for developing and approving a detailed substantiated Corporate Strategy with a time frame of at least one year and sets clear business aims for both the Bank and Group.

BoD Members and any third party to whom the Board may assign its authority shall not pursue interests which conflict with those of the Bank. These persons shall give the Board timely notice of their own interests, which may arise from transactions of the Bank falling under their duties, as well of any other conflict of their own interests with those of the Bank, or of enterprises associated with the Bank in the meaning of article 42e paragraph 5 of Codified Law 2190/1920, arising during the discharging of their duties.

Additionally to what is mentioned in paragraph 1.2.1 of the present regulation, the Bank BoD Members should obtain the

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Board of Directors' approval before accepting appointments as Members of Board of Directors or General Managers, or Managing Directors in a corporation, which is not a member of the Bank Group. BoD Members who at the time of their appointment informed the Bank's Board of Directors that they are acting in such a capacity shall not require such approval.

At their discretion, independent BoD Members are entitled, individually or jointly, to submit reports and separate reports to the Bank's Regular or Extraordinary General Meeting.

1.4. Responsibilities of the Board of Directors and its Members

1. The Board of Directors manages the Bank, represents it in court judicially and extra-judicially and develops the strategic orientation for the Bank. In discharging its duties and obligations, the Board of Directors exercises prudent business judgement in pursuing the interests of the Bank's shareholders, its employees, and the civic utility of its actions. The Chairman of the Board of Directors or his deputy convenes meetings of the Board and at least once a month it meets either at the Bank's registered office or by teleconference, in accordance with the current provisions of Codified Law 2190/1920. The members should attend, in person or by a representative, the 85% (at least) of the BoD's regular meetings. Attendance shall be understood to mean also the participation through teleconference or by using other technological means.
2. Decisions are taken at Board level, which are crucial for the Bank and the Group, in particular those ensuring an effective organisational structure and an Internal Audit System and the determination of the Bank's business strategy. Specifically, the Board of Directors:
 - i) Determines and reassesses the business strategy and orientation of the Bank and the Group, it sets out key strategic objectives and action plans to achieve them, and takes decisions on major capital expenditures, acquisitions, mergers and de-mergers.
 - ii) Establishes policies aimed at ensuring an adequate and effective Internal Audit System and compliance with the applicable legislative and regulatory framework.
 - iii) Ensures that documented procedures exist for ensuring timely detection of and effective response to emergencies which may endanger the smooth operation of the Bank, also for restoring continuous uninterrupted operation of its business.
 - iv) Ensures that appropriate strategies and policies are established to manage the risks assumed by the Bank (including liquidity risk), defining the respective maximum acceptable risk limits and forms a suitable internal environment for ensuring that every Bank officer and employee is aware of the nature of the risks associated with his activities in the conduct of his duties, that he recognises the need for handling them in a timely and effective manner, and that he facilitates the implementation of internal control procedures set by the Bank's Management. Within this framework, at least on a quarterly basis, receives reports and consults on the principal risks, changes in the Bank's risk profile, pursued objectives and risk appetite.
 - v) Ensures that procedures are designed for registering, reassessing and monitoring regularly the implementation of the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank, under which targets are set for the Bank's capital requirements, corresponding to current or potential risks at individual and Group level and its operating environment, and policies are established regarding the amount, management and allocation of its funds in relation to those risks.
 - vi) Ensures that the operation of the Bank complies with the current institutional framework, internal regulations and policies and principles of corporate governance, and provides Management and operational units of the Bank with all necessary tools for discharging their duties.
 - vii) Ensures the accuracy of the published annual and interim financial statements of the Bank and of the Group, on individual and consolidated basis respectively, as well as of the other data submitted to the Bank of Greece and other supervisory authorities.
 - viii) Verifies the effectiveness of the Bank's and the Group's internal regulations, policies and corporate governance practices and revises them as appropriate and necessary.
 - ix) Selects, supervises and replaces its executive Members (in the case of resignation or forfeiture) and records the planning for their succession, and ensures transparency in the process of proposing candidates for election as

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new BoD Members.

- x) Supervises the work of senior Management executives.
 - xi) Monitors, on a quarterly basis, that the Executive Committee and the CEO act within the framework of the Bank's business strategy and risks strategy.
 - xii) through the Remuneration Committee, determines the remunerations of Board members, based on the long-term interests of the Bank and its shareholders and proposes them to the Regular General Meeting.
 - xiii) Monitors and resolves potential conflicts of interest of managers and shareholders, including mismanagement or misuse of the corporation's assets.
 - xiv) Ensures the existence of a recorded policy concerning the transactions of Associated Parties and oversees its implementation.
 - xv) Monitors the adherence to the information and communication procedures.
 - xvi) Establishes a Code of Conduct to govern all its activities.
3. The Board of Directors can assign the exercise of certain of its responsibilities, which do not require collective action to the Group Executive Committee and to other internal committees, in accordance with the following provisions specified in the Regulation. The names of the BoD members appointed as responsible for financial issues, risk management and audit, are included in the Corporate Governance Statement
4. The responsibilities of the Executive Members of the Board of Directors shall be:
- i) to constantly seek to enhance the long-term financial value of the Bank and to advocate the overall corporate interest,
 - ii) to develop, implement and communicate the policies and action plans in accordance with the relevant resolutions of the Board of Directors,
 - iii) to consistently implement the Bank's business strategy approved by the BoD, making effective use of available resources; elaborating it by formulating appropriate policies for each operation and activity of the Bank, and by setting clear objectives and business plans for each individual service unit, management body and senior management executive of the Bank,
 - iv) to implement the Risk Management Strategy approved by the BoD,
 - v) in managing risks, to define the individual limits and responsibilities of each of the Bank's administrative units, and continuously evaluate its performance,
 - vi) to systematically monitor, on an annual basis, the management of the risks the Bank undertakes within the commitment limits approved by the Board of Directors, and to continuously monitor to ensure that senior managers take all the necessary measures to manage their risks effectively in accordance with the approved policy,
 - vii) to ensure effective implementation of the Bank's Internal Audit System, by developing and incorporating appropriate mechanisms and internal audit procedures and by periodic review of these mechanisms, and of any major (judging by their impact) dysfunctions which arise,
 - viii) to ensure systematic and constant communication with customers, investors, employees, supervisory authorities, the public and other stakeholders,
 - ix) to account for the activities of the business sector they are responsible for, and to inform the Board of Directors,
 - x) to ensure the completeness and reliability of the data and information required for an accurate and timely assessment of the Bank's financial condition,
 - xi) to comply with the institutional framework governing the Bank's operation,
 - xii) to represent the Bank, and
 - xiii) to implement the resolutions of the General Meeting.
5. The responsibilities of the non-Executive and independent non-Executive BoD Members shall be:

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- i) to constantly seek to enhance the long-term financial value of the Bank and to advocate the overall corporate interest,
- ii) to monitor the overall implementation of the approved Risk Management Policy and risk limits,
- iii) to monitor the consistent implementation and operation of the Internal Audit System,
- iv) to ensure a systematic and constant communication both within and outside the corporation,
- v) to monitor the consistent implementation of the Bank's business strategy,
- vi) to adopt and revise periodically the general principles of the remuneration policy as well as oversee its implementation
- vii) to ensure that the business planning for attaining the corporate goals complies with the resolutions of the General Meeting.

1.5. BoD Members' Fees and Compensation

1. Any remuneration the Bank pays to BoD Members, managers and internal auditors, as well as the Bank's general policy regarding remunerations, are determined by a relevant resolution of the Board and are approved by special resolution of the General Meeting where required by the law. Any remunerations and compensations of executive Members are determined by the BoD, following the Remuneration Committee's relevant recommendation, on which only the non-Executive BoD members may vote, and are submitted for approval to the Annual General Meeting of Shareholders in accordance with the provisions of article 24 of Codified Law 2190/1920. These remunerations are set at a reasonable level, following an assessment of the Members' overall contribution; the main criteria being the type of duties assigned to the executive members; their performance; their contribution to the Bank's economic performance; meeting the objectives sought; and taking into account comparable figures in other credit institutions.
2. The remuneration and any other compensations of non-Executive BoD Members are determined in accordance with the provisions of Codified Law 2190/1920, and are commensurate with the time spent for attending its meetings and fulfilling their duties. All remunerations and any compensations of non-Executive BoD Members are listed in a separate category in the annex appended to the Bank's annual financial statements.
3. The total and partial remunerations and other compensations of Executive and non-Executive BoD Members, including any special remunerations and benefits, particularly performance bonuses, long-term incentive remunerations, stock options and the number, distribution of those stock options and their call price, shall be reported to the Annual General Meeting of Shareholders, individually for each member.
4. The Remuneration Policy is implemented at Group, parent company and subsidiaries level and complies with the principles and criteria provided for in the L. 4261/2014 and in the Bank of Greece Governor's Act 2590/2012.

1.6. Committees Reporting to the Board of Directors

1.6.1. The Audit Committee

In accordance with the provision of article 37 of Law 3693/2008, the General Meeting of Shareholders appoints the Audit Committee, while the Board of Directors appoints its Chairman and assists it in conducting its duties related to the internal audit. The Audit Committee comprises non-Executive Members, who should not hold other corresponding posts or capacities or engage in transactions that could be considered incompatible with the Committee's mission. From the afore-mentioned members, the 75% (rounded up to the closest integer) is independent, in the meaning of Law 3016/2002, possessing sufficient knowledge and experience in accounting and auditing matters. The Board of Directors shall also appoint an individual from its independent non-executive members as the chairman of the Audit Committee, who shall have the knowledge and experience required to supervise the auditing procedures and the accounting issues engaging the Committee.

The main responsibility of the Audit Committee consists of continuously monitoring and assessing the adequacy and effectiveness of the Internal Audit System on a stand-alone and Group level, based on relevant data and information of the Group Internal Audit, and on the findings and remarks of external auditors and supervisory authorities.

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The duties of the Audit Committee and its *modus operandi* are governed by its operating regulation, which has been approved by the Bank's Board of Directors and is attached to the present Regulation as Annex 03, "BoD Committees Operation Regulations and other Executive & Management Committees and Boards".

1.6.2. The Risk Management Committee

The Risk Management Committee is appointed by the Bank's Board of Directors and consists of its non-executive members, of which 1/3 should be independent non-executive, possessing sufficient knowledge and experience in the financial services sector or the commercial banking sector and suitable knowledge, skills and specialization, in order to comprehend and monitor the Bank's risk appetite strategy. At least one member should be specialized in Risk Management and Capital Adequacy, as well as be familiar with the local and international regulatory framework.

Responsibilities of the Board of Directors relating to risk management are assigned to the Risk Management Committee in order to cover effectively all major types of risk, to which the Bank is or may be exposed (including operational and credit risk, market risk, liquidity risk, concentration risk, risk to reputation, as well as external risks) and to ensure that they are controlled in an integrated manner, that they receive specialized handling and the requisite coordination at Bank and Group level.

The main responsibilities of the Risk Management Committee are:

- i) to develop the strategy for assuming any form of risk and capital management required to meet the Bank's business objectives, on a stand-alone and Group level, and to establish principles for risk management,
- ii) to make suggestions and recommendations to the Board in the event of inability to implement the strategy formulated, or of deviations from this strategy,
- iii) to ensure development of an internal risk management system and its integration in the decision-making process,
- iv) to verify whether tolerance levels tailored for each risk are complied with or not,
- v) to control the pricing of the offered services, taking into account the business model and the Bank's risk appetite strategy and submit the relevant corrective plan, provided that the pricing does not reflect the risks accurately,
- vi) regularly to evaluate the adequacy and effectiveness of the Bank and its Group's risk management policy, the adequacy of limits and of provisions, and its overall capital adequacy in relation to the size and form of the risks the Bank assumes,
- vii) to ensure the conducting of simulations of crisis situations for all major risks, at least once annually,
- viii) to determine the principles that should govern the management of risks, as regards identifying, predicting, measuring, monitoring, controlling and addressing the major risks assumed,
- ix) to ensure the appropriate supervision and audit mechanisms for monitoring and handling effectively the distressed assets, as well as the emphasis on the development of the appropriate "timely detection" systems.

The duties of the Committee as well as the framework within which it operates are detailed in Annex 03, "BoD Committees Operation Regulations and other Executive & Management Committees and Boards" of the present Regulation.

1.6.3. The Remuneration Committee

The Remuneration Committee is designated by the Board of Directors, consists of its non executive members and is constituted in such a way that it is able to express an independent opinion, by receiving, if required, specialized services of external counsels, on the remuneration policies and their implementation, as well as on the incentives created upon the management of risks, funds and liquidity.

The main role of the Remuneration Committee is to determine the Bank's policy on the matter of remuneration and other benefits granted to the executive members of Management, ensuring that they receive remunerations and benefits commensurate with their duties and responsibilities, after assessing their performance in relation to the objectives of the approved budget, to the extent and nature of risks undertaken, to the long-term benefit created for the Bank and its shareholders and to the prevailing conditions of competition.

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The duties of the Committee as well as the framework in which it operates are detailed in Annex 03, "BoD Committees Operation Regulations and other Executive & Management Committees and Boards" of the present Regulation.

1.6.4. The Nomination Committee of BoD Members

The Nomination Committee of BoD members consists of non-executive members of the Board of Directors. The Nomination Committee of BoD Members identifies and proposes candidates for the vacant positions of the Board of Directors, to be approved by the Board of Directors or the General Meeting. Upon the selection of candidates, the Committee evaluates the combination of breadth of knowledge per scope, the skills and the experience of the BoD members. In addition, it proceeds to the description of the individual skills and qualifications, which are required, in its opinion, to fill the above-mentioned positions and estimates the time that should be dedicated to the respective position. Moreover, it is responsible for the control and ascertainment of the assistance of the criteria characterizing the BoD Members as independent, according to the I. 3016/2002 and the Commission's Recommendation 2005/162/EC.

The responsibilities of the Committee as well as the framework in which it operates are detailed in Annex 03, "BoD Committees Operation Regulations and other Executive & Management Committees and Boards" of the present Regulation.

1.6.5. The Strategic Planning Committee

The Strategic Planning Committee monitors on a regular basis, analyses and decides on the issues of Bank's strategic choices, entrusts bank executives with special missions for the accomplishment of goals and, when required, formulates relevant recommendations to the BoD of the Bank. It prescribes the axes of the Business Plan, within the framework of which the Executive Committee composes the annual Budget, which is approved by the BoD.

The responsibilities of Strategic Planning Committee concern both Piraeus Bank and Group subsidiaries.

The responsibilities of the Committee, as well as, its operational framework are detailed in Annex 03 "BoD Committees Operation Regulations and other Executive & Management Committees and Boards", of the present Regulation.

1.6.6. The Group Executive Committee

The responsibilities of Group Executive Committee concern both Piraeus Bank and its consolidated subsidiaries. The Group Executive Committee, following the authorization of Piraeus Bank Board of Directors, is delegated with responsibilities which the Committee may depute or assign to management committees, Committee's members or Bank executives. In particular, the Group Executive Committee monitors the implementation of Business Plan and Restructuring Plan of the Bank and Group and makes the necessary decisions on the accomplishment of set goals and proposes the Annual Budget to the Bank's Board of Directors.

The Group Executive Committee may form committees comprising its executives or other employees of the Bank in order to be assisted in the exercise of its responsibilities, for which it bears nonetheless overall responsibility.

The responsibilities and the operational framework of the Committee are detailed in Annex 03 "BoD Committees Operation Regulations and other Executive & Management Committees and Boards", of the present Regulation.

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2. THE INTERNAL AUDIT SYSTEM (IAS)

A fundamental concern for Piraeus Bank is that it continuously, both on a stand-alone and Group level, develops and improves the Internal Audit System, which constitutes a totality of adequately documented and detailed audit mechanisms and procedures, incorporates the best corporate governance practices, and covers every activity and transaction of the Bank continuously, contributing to its effective and safe operation. The institution of the Internal Audit System aims specifically to:

- consistently implement the Bank's and the Group's business strategy, making effective use of existing resources,
- identify and manage assumed or potential risks,
- ensure the completeness and integrity of the data required for drafting reliable financial statements in accordance with International Accounting Standards; all aimed at ensuring accurate and timely identification of the Bank's financial situation,
- ensure that the Bank's operations comply with applicable legal and regulatory provisions, also with the provisions of the applicable Bank policies and procedures,
- safeguard the Bank's assets; safeguard and maintain a separate detailed record of customers' assets; safeguard the interests of the Bank, of its shareholders and its customers,
- continuously monitor outsourced work and activities in accordance with the specific provisions of the Policy on Outsourcing,
- conduct periodic or ad hoc audits, carried out by competent units of the Group Internal Audit, to establish consistent application by all Bank units of rules and procedures, at the same time allowing these units to develop methods for self-assessment.

The Board of Directors annually shall assess the adequacy and effectiveness of the Internal Audit System and establish the strategy for improving it, taking into account the Audit Committee's findings, suggestions and comments. At least every three years, following recommendation by the Audit Committee, independent chartered accountants, shall be assigned, other than the appointed auditors, to assess the adequacy of the Internal Audit System at the Bank and Group level. The relevant evaluation report shall be communicated to the Bank of Greece within the first six months subsequent to the end of the above-mentioned three-year period.

Under the current institutional framework, the Bank's Internal Audit System is supported by an integrated Management Information System (MIS), which, by means of established procedures, secures: uniform collection and processing of data; accuracy, reliability, completeness and timely dissemination of information; hence providing effective, timely and reliable information to any management entity at the Bank. The Bank pays special attention to designing and continuously improving the Management Information System, whose effectiveness is essential for decision-making and risk management.

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3. THE ORGANISATIONAL STRUCTURE OF THE BANK

3.1 The Organisational Structure

The organizational structure of the Bank complies with the current principles of the institutional framework governing the operation of financial institutions and it is structured in such a way that it meets the needs of the key business sectors in which it operates. Ensuring an effective organisational structure and a clear definition of the competence and area of responsibility of each administrative unit of the Bank constitutes the basis for the Bank's functioning and operations. Particular emphasis is given to designing a clear organizational structure with distinct, transparent and consistent lines of responsibility; to establishing efficient detailed procedures for conducting the Bank's operations and to establish adequate mechanisms for auditing them; and to identifying, managing, monitoring and reporting risks, which the Bank assumes or may undertake within the framework of its activities. Thus the development and diffusion of a uniform business concept is attained, ensuring also:

- separation of responsibilities between trading, settlement and accounting transactions,
- an independence between risk-taking activities, risk management and audit functions,
- separation of responsibilities relating to custody of the Bank's assets, or those of its customers resulting from the above-mentioned responsibilities,
- the independence of auditors from the operations being audited,

moreover, situations are avoided of incompatible roles, conflicting responsibilities, conflicts of interest between BoD Members, Management and staff; also between the above personnel, the Bank and parties engaging in transactions with it, and of illicit use of confidential information or of assets.

In addition to and complementing the above, the following are essential aspects of the structure of the Bank functions:

- adoption of the principle of direct or indirect involvement of at least two persons for each activity and auditing action at the Bank (four eyes principle),
- mandatory participation of the competent units of the Group Internal Audit and the Group Risk Management and the Group Compliance Division in the process of designing new products and procedures, for reaching the relevant business decisions; for assessing the compatibility of the proposed products or procedures with current regulations and also the risks that may arise; and for the timely adoption of the appropriate audit and risk management mechanisms,
- adoption of the appropriate procedures, consistent with the current institutional framework, to enable Bank employees to submit anonymous reports to the Audit Committee regarding serious irregularities or offences they have become aware of while discharging their duties and handling such reports,
- establishing strict and detailed requirements and procedures for the Bank staff's physical and electronic access to assets and accounting data, and in general to confidential information; also secure partitioning of the information flow without hindering the Bank's operation; the intention being to minimize unauthorised access and risk of error and fraud.

The Bank's core aim is to attain a most efficient and productive operation. Hence, whenever necessary, it shall revise its organisational structure, in particular the organisation chart and responsibilities of the service units, which are outlined in subsequent sections. The Group Executive Committee decides upon these revisions, which are communicated to the staff by Management Circular or by a Chairman's Act.

3.2. Executive and Management Committees and Councils

With a view to ensuring an efficient and secure operation of the Bank, the Board of Directors has delegated responsibility for managing and decision-taking on specialised issues to the following Executive and Administrative Committees and Councils:

- Supervisory & NPL Management Council

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- Special Committee (loan exposures)
- Asset/Liability Management Committee (ALCO)
- Credit Committee
- Workouts Committee
- North Greece Workouts Committee
- IT Planning and Operation Quality Committee
- Expenditures & Budget Committee
- Corporate Responsibility Committee

The responsibilities of the above Committees as well as their composition and framework in which they operate are detailed in Annex 03, "Executive & Management Committees and Boards" of the present Regulation.

3.3. Organisational Chart

The organisational chart depicts the Bank's organisational structure, its components, organisational units and hierarchical structure. Annex 01, "Organisational Chart" of the present Regulation contains an expansion of the organizational chart as per Oversight, Business Sector, Unit and Team.

3.4. Responsibilities of the Organisational Units

The responsibilities of the Bank's organisational units and their reporting line are detailed in Annex 02, "Responsibilities of the Organisational Units" of the present Regulation.

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4. THE INTERNAL AUDIT

The Internal Audit in Piraeus Bank Group is conducted exclusively by the Group Internal Audit (GIA), which comprises the "Internal Inspection Unit" referred to in Chapter V, paragraph a of the Bank of Greece Governor's Act 2577/2006 and the "Special Service" referred to in Article 7a of Law 3016/2002. The GIA operates as an integrated totality (pool) with the various organizational units reporting to it, and with the Internal Inspection Units (IIU), which operate in the Group's subsidiaries in Greece and abroad.

4.1. Mission - Responsibility

The Internal Audit comprises an independent and objective advisory and safeguard function, designed to add value and improve the Organisation's operations. By adopting and implementing a systematic and disciplined methodology, it contributes to improving the effectiveness of risk management, the Internal Audit System and governance procedures.

The main mission of the Group Internal Audit is:

- to conduct any type of audit in all the Bank units, activities and providers of essential activities and of any of the Group's subsidiaries, in order to formulate a fair, objective, independent and informed view of the adequacy and effectiveness of the Group's Internal Control System (ICS),
- as required, to provide objective assurance through the Bank's Audit Committee, the Bank's Board of Directors, the Chairman of the Board and the CEO regarding the results of the assessment of the adequacy and effectiveness of the Group's Internal Control System,
- also to discharge any other responsibility specifically provided for by the regulatory and institutional framework (Law 3016/2002, Bank of Greece Governor's Act 2494/2002, Bank of Greece Governor's Act 2577/2006, Bank of Greece Governor's Act 2589/2007, Bank of Greece Governor's Act 2597/2007, Bank of Greece Governor's Act 2614/2009, Banking and Credit Committee of the Bank of Greece decision, 281/5/26.3.2009, Capital Market Commission decision 5/204/2000, Capital Market Commission letter protocol number 2453/30-6-2003).

The assessment of the Internal Control System is based on the standards and criteria prescribed by internationally recognized best practices. In particular, the appropriate audit methodology, which the Internal Audit of Piraeus Bank Group applies in each case, complies with the following standards:

- The Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors - The IIA Inc.
- General Accepted Auditing Standards
- Auditing Standard No. 5 of the Public Company Accounting Oversight Board
- Hellenic Auditing Standards (Government Gazette 1589/22-10-2004)

4.2. Operation and Organisational Structure

The Group Internal Audit is responsible for the entire Internal Audit function in the Group. In this context, the Group Internal Audit is responsible for supervising and coordinating the activity of the Internal Inspection Unit and/or the Internal Auditors of the Group's subsidiaries.

A General Manager (the Internal Auditor) is the head of the Group Internal Audit, and has overall responsibility for setting the strategy and the proper functioning of the Internal Audit in the Group, on the basis of the legislative and regulatory framework and international best practices. In this context, the Head / General Manager gives his consent to the appropriate Board of Directors regarding the selection and suitability of the heads of the Internal Inspection Units and assesses the effectiveness and efficiency of the Internal Inspection Units.

For the smooth discharge of his duties, the Head / General Manager (chief Internal Auditor) is assisted by Auditors and managers. As every case and its time constrictions require, the Auditors are allocated occasionally to Audit Teams. In every case, for operational reasons, the Head / General Manager bears overall responsibility for conducting the audit at the Bank; and the head of the Internal Inspection Unit of the respective subsidiary is responsible for conducting the audit at the remaining companies of the Bank.

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If deemed necessary, specialists (external or from the Group) may be recruited to participate in audit projects. Moreover, for better coordination and dissemination of knowledge, audit areas are determined to correspond with the principal functions (mega processes) of the Group.

4.3. Independence and Purview

The Head / General Manager (chief Internal Auditor) reports to the Bank's Managing Director and CEO and through the Bank's Audit Committee to the Bank's Board of Directors.

The Group Internal Audit:

- Administratively is independent of the other Group units and abstains from any executive and operational responsibilities,
- Maintains a full-time and exclusive staff, not subordinate to any other unit of the Group; any transfer of a member of this staff to another organisational unit requiring the Head / General Manager's consent, with advice to the Bank's Audit Committee.

The Bank's Audit Committee, and by extension the Board of Directors and the Bank's Management, guarantee:

- the independence of the Internal Audit and the resolution of issues related to its independence, and
- the provision of adequate and prompt updated information to the Internal Audit through relevant procedures and mechanisms, particularly in cases of significant problems and emergencies.

The Head / General Manager (chief Internal Auditor) and the Auditors:

- enjoy unimpeded access to all activities, units and sites, also to every shape and form of data and information (books, documents, records, bank accounts, portfolios, etc.) of the Group,
- may communicate without hindrance with any executive, collective body and personnel of the Group,
- may request, and shall receive, from any staff member all information and explanations required for carrying out their auditing mission.

4.4. Quality Assurance

The Internal Audit's primary concern is the quality of the audit, which aims for effectiveness, functionality and objective documentation of the various reports resulting from this work. For the Internal Audit, this quality is the foundation for standards, recruitment, training, also for vocational certifications and procedures to be followed.

Internal quality assessment reviews are conducted regularly at the Group Internal Audit (GIA) and the Internal Inspection Units (IIU).

With the assistance of the Audit Committee, the Group Internal Audit shall arrange for the periodic "external quality assessment reviews" at least once every three years.

4.5. Audit Scheduling

Audit project scheduling is based on a risk assessment process and focuses primarily on high-risk areas. The Audit Cycle is determined on the basis of this assessment and at least the high-risk and medium-risk areas must be covered during this cycle. The Audit Cycle is approved and amended only by a decision of the Bank's Board of Directors through the Bank's Audit Committee and the Chairman of the Board of Directors and the Bank's CEO.

The above provisions are detailed and completed in the Piraeus Bank Group's Internal Audit Regulation.

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5. REGULATORY COMPLIANCE

The Group Compliance was established in the context of complying with the rules of the Basel II supervisory framework and the provisions of the Bank of Greece Governor's Act 2577/9.3.2006, as an independent administrative unit that is responsible for implementing the policy adopted by the Bank's Board of Directors to comply with the relevant current legal and regulatory framework.

The Group Compliance is subject to the audit of Group Internal Audit as regards the adequacy and effectiveness of compliance procedures, it has unrestricted access to all data and information necessary to carry out its duties, and is managed by a person selected to be the Group Compliance Officer possessing sufficient knowledge of banking and investment activities, whose appointment and replacement is communicated, as currently applicable, to the Bank of Greece.

The Group Compliance Officer reports for administration issues as well as for issues of his compliance function to the Managing Director and CEO of the Bank and through the latter to the Board of Directors. In addition, for the reinforcement of the Internal Control System's structures, the audit project of Group Compliance is monitored and evaluated by the Audit Committee of the Bank, via progress reports and briefings, which are submitted regularly.

The Group Compliance Officer supervises the overall Compliance function in the Group. Within this framework, he supervises, monitors and coordinates the activity of Compliance Units and the respective Compliance Officers of the Group's Subsidiaries, both in Greece and abroad.

The main responsibilities of the Group Compliance are the following:

- To establish and implement appropriate procedures and prepare an annual Compliance Programme in order to achieve the timely and continued compliance of the Bank and Group with the current regulatory framework and the provisions of the Group Compliance Policy, which the Bank has established and at all times to show a complete picture of the degree of achievement of this goal.
- To ensure that Piraeus Bank and its Group comply with the applicable legal and regulatory framework regulating the prevention of use of the financial system for money laundering and terrorist financing. To this end, verifies that the Bank's organizational units comply with the obligations under the above framework, and also under the Group Compliance Policy which the Bank has adopted, and to build an environment appropriate for the early detection, prevention, investigation and reporting of such attempts.
- To inform the Bank's Management and Board of Directors on regulatory compliance issues through its annual and remaining reports; in particular to inform it of any significant violation observed of the applicable regulatory framework or any major deficiencies in meeting the obligations this imposes.
- Informs the Audit Committee about its audit work regularly, through reports, which are submitted on a periodical basis. These reports are the following:
 - (a) Annual Progress Report of Issues within the Group Compliance's Competence, which is compiled by two Senior Officers of Group Compliance (the Group Manager & Chief AML Officer and the Senior Manager of Regulatory Compliance & Risk Assessment) and is composed according to what is determined in chapter V – section c – par. 2 of Bank of Greece Governor's Act 2577/09.03.2006.
 - (b) Annual Report of the Responsible Management Executive (RME) for Piraeus Bank's and Group's compliance with the provisions for prevention and suppression of M.L./T.F. of the 281/5/17.03.09 Decision of the Banking and Credit Committee (BCC) of the Bank of Greece (BoG). This is a progress report and includes five appendices (I – V), the annual evaluation of High Risk customers and, in addition, the approved Action Plan of Group Compliance for the following year.
 - (c) Quarterly Monitoring Report "Group Compliance Analysis & Evaluation" that includes the audit work in M.L. / T.F. issues and the respective Compliance Actions.
 - (d) Quarterly Compliance Actions Follow Up Report, which result from the Compliance audits conducted by the Group Compliance.

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- Compiles an annual Compliance Action and Audit Plan, which is approved by the Board of Directors following the previous information and evaluation by the Audit Committee.
- In the case of amendments to the relevant current regulatory framework, to provide, with the assistance of the Bank's legal services or with that of the legal advisors of foreign subsidiaries, appropriate instructions for adjusting its internal procedures and the internal regulatory framework which are implemented by the Bank's units, branches and domestic and foreign subsidiaries as appropriate.
- Through appropriate procedures to ensure meeting the deadlines for fulfilling obligations under the existing regulatory framework and for this purpose to provide written assurance to the Board of Directors through its annual reports.
- To ensure that the staff is continuously kept informed of developments related to the regulatory framework of their responsibilities, by establishing appropriate procedures, updates and training programs in collaboration with the competent unit of the Group Human Resources.
- To coordinate and monitor the work of the compliance officers of the Group companies so that all the Group companies comply fully with the applicable relevant provisions and with the provisions of Law 2656/1998 on combating bribery of foreign public officials in international business transactions.
- To submit to the Bank of Greece before the end of the first half of each calendar year a report on the issues of its responsibility.

For effective management of the risk in using Bank's services for Money Laundering and Terrorist Financing purposes, the Special Service for Prevention and Suppression of Money Laundering and Terrorist Financing has been established and has been incorporated in the Group Compliance (the AML / CTF Department), in accordance with the specific provisions of Law 3691/2008, as applicable, and Banking and Credit Committee Decision No. 281/5/17.3.2009. Following the Board of Directors' decision, the Deputy Manager of the Group Compliance heads that Office. The latter is also assigned with the special institutional responsibilities of Responsible Management Officer, in accordance with the above-mentioned provisions. Moreover, the Responsible Management Officer has been assigned the task of coordinating the prevention and suppression of Money Laundering and Terrorist Financing at Group level.

This Responsible Management Officer shall recommend measures to boost the effectiveness of procedures applied for complying with the above obligations and shall act as the contact point for matters of his competence with the competent authorities and the competent bodies of the Bank of Greece, providing the information required by law. The role, responsibility and duties of the Responsible Management Officer are detailed in the Group Compliance Policy and in the Manual for Prevention and Suppression of Money Laundering and Financing of Terrorism, which the Bank has instituted and is implementing. In this context, as part of his duties, the Responsible Management officer:

- receives reports from officers of the Bank regarding unusual or suspicious transactions and guides them on matters relating to the prevention and suppression of money laundering and terrorist financing,
- indicates appropriate procedures and standards for reporting suspicious transactions to the competent authorities and procedures for mutual exchange of information between the Bank's branches and subsidiaries,
- monitors and evaluates the proper and effective implementation of the policy and the specific procedures the Bank has established for prevention and suppression of money laundering and terrorist financing,
- issues an annual report in accordance with the provisions of Banking and Credit Committee Decision 281/5/17.3.2009 regarding the Bank's compliance with regulations for prevention and suppression of money laundering and terrorist financing, which is submitted to the Bank of Greece by the end of the first quarter of each calendar year.

The Bank shall inform the Bank of Greece and the Capital Market Commission regarding any change of individual to head the Group Compliance, within ten working days from the change. This change shall also be communicated forthwith to the Athens Stock Exchange. Moreover, the Bank shall inform the Bank of Greece regarding the assignment or termination of the duties of the Responsible Management Officer.

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6. RISK MANAGEMENT

The Bank places particular emphasis on the effective monitoring and management of risks, on a stand-alone and Group level, with a view to maintaining stability and continuity of its operations. In this context, the competent bodies of the Bank regularly record and reassess its Business Strategy as regards assuming, monitoring and managing risks, and distinguishing transactions and customers by level of risk; they determine appropriate maximum acceptable limits of risk-taking overall by each type of risk, refining each of these limits, they also establish limits for discontinuing loss-making activities or for taking other corrective actions.

The Bank also proceeds with establishing reliable, effective and comprehensive policies and procedures to assess and maintain on an ongoing basis the amounts, composition and distribution of its equity, which the Bank's management each time deems adequate for covering the nature and level of risk the Bank undertakes or may undertake. These policies and procedures are subject to regular internal review and assessment by the Group Risk Management in order to ensure that they remain comprehensive, adequate and commensurate with the nature, extent and complexity of the Bank's current activities.

The following organizational units are involved in the process of planning, monitoring and management of risks and of assessment of capital adequacy in relation to the amount and type of risks undertaken:

- The Risk Management Committee, which the Board of Directors has entrusted with the responsibilities related to risk management in accordance with the provisions of the Bank of Greece Governor's Act No.2577/9.3.2006 and the L. 4261/2014, so as to cover effectively all forms of risk throughout the entire range of the Bank activities, and to ensure their consolidated audit, their specialized handling and the necessary coordination at Bank and Group level.
- The Group Risk Management, which is responsible for the design, specification and implementation of the Bank's policy 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 risk.
- The Group Credit, which is the in-depth evaluation of assumption of credit risk during the credit approval procedure and is responsible for establishing and maintaining Credit Policy.
- The Asset-Liability Management Committee (ALCO), which 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 main responsibilities of the Asset-Liability Management Committee (ALCO) are detailed in Annex 03, "Executive & Management Committees and Boards" of the present Regulation.

The 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 it carries out the responsibilities of the Risk Management Unit under the provisions of Bank of Greece Governor's Act No. 2577/9.3.2006, and of the Credit Risk Control Unit in accordance with the Bank of Greece Governor's Acts No. 2589/20.8.2007 and the Bank of Greece Governor's Act No. 2594/20.8.2007 respectively. The organization and responsibilities of Group Risk Management are determined in detail, in the Regulation entitled "Organization and Responsibilities of Risk Management", which is incorporated in Annex 02 "Organizational Units' Responsibilities" of the present Regulation. The Group Chief Risk Officer supervises the Group Risk Management; for issues of his responsibility he refers to Management and to the Risk Management Committee and / or through it to the Bank's Board of Directors.

The Group Risk Management is subject to review by the Group Internal Audit as to the adequacy and effectiveness of risk management procedures. The responsibilities of the Group Risk Management consist mainly of:

- shaping the overall framework and recommending a strategy, policies and procedures to manage and control risks the Group assumes, according to the directions the Board of Directors has set,
- defining policies and procedures relating to:

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- i. definition, recognition, measurement, assessment, mitigation and reporting of risk exposures,
 - ii. definition, allocation and monitoring of appropriate limits of risk exposure (e.g. credit, market, liquidity and operating risks) per other contracting party, activity, economic sector, geographic region, business unit, collaborating with the relevant committees and executive units of the Bank and the respective committees and units of the subsidiaries,
 - iii. measuring risk-adjusted yields and allocation of capital between business units,
 - iv. developing, implementing and periodic evaluation of methods and tools of pricing of products and services, adapted for risk and training of business units in their use.
- developing, implementing and periodically reviewing the adequacy of the methods, criteria, models and systems for timely detecting, measuring, monitoring, compensating, reducing, reporting and overall management of its risk exposures, or risks the Bank may be exposed to,
 - recognising and measuring all forms of risk the business units of the Bank assume and providing detailed information of risks to these units in order to manage them effectively,
 - regularly checking the validity of the assumptions and estimates of the Contingency Funding Plan and conducting regular exercises of the overall Plan,
 - conducting periodic and/or special stress tests with scenarios tailored to the nature and scope of the Bank's operations for all types of risk (including liquidity risk), reporting the results to the Bank of Greece, also using them as a basis for designing appropriate policies and risk management procedures,
 - drafting periodical reports on matters within its responsibility, to provide regular and adequate information to Management and the Board of Directors, and to satisfy supervisory requirements arising from the relevant instructions of the Governor of the Bank of Greece directives and Acts,
 - valuating the assets/liabilities for the compilation of financial statements and for the following:
 - Confirmation of policies, procedures, and methodologies (eg. mark-to-market, mark-to-model etc.), which are used for their assessment
 - Check of the appropriateness of values used in the assessment process
 - Monitoring of the assessment results and reporting of the deviations from the policy to the Risk Management Committee
 - participating actively and essentially in the planning and budget processes through the participation in all the relevant committees, in order to evaluate the compatibility with the approved risk appetite, the capital adequacy levels and the possibility of **downside** risks.
 - creating and following closely the implementation of limits and dedication to the policy governing the relationships with the connected borrowers, in order to ensure the independence of decisions on transactions
 - regularly monitoring the implementation of the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank and the Group and of the degree of the ICAAP's integration in the operation and activities of the Bank and its Group companies (particularly in risk management processes, business decision-making and in the Bank's Management Information System) monitoring and evaluating the rational allocation of capital in respect of all significant risk exposures within its Group and the adequacy of internal capital, and periodically re-evaluating the ICAAP,
 - determining the capital requirements of the Bank for covering all risks to which it is or may be exposed,
 - effectively managing the capital base, aiming at optimizing the allocation and use of capital (supervisory and internal), thus improving profitability,
 - making suggestions for developing the Group's policy on banking supervision and compliance with relevant risk management and capital adequacy guidelines, which the Supervisory Authorities establish and calculating the corresponding Supervisory Capital required to cover the risk they assume,

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- instilling awareness of risk exposure and promoting a risk management culture at each hierarchical level of the Group.

In order to conduct its duties effectively, the competent officers of the Group Risk Management Sector have access to all the activities and units of the Bank, and to all information and records of the Bank and its Group companies, which are necessary for performing their duties.

The Board of Directors appoints the head of the Group Risk Management Sector upon recommendation of the Risk Management Committee, and his appointment or replacement following the approval of the Risk Management Committee shall be communicated to the Bank of Greece. The duties of the head of the Group Risk Management include:

- reporting annually to the Board of Directors through the Risk Management Committee on matters falling under the jurisdiction of the Group Risk Management Sector,
- participating in the supervisory authorities' internal capital adequacy assessment process of the adequacy of internal and supervisory capital,
- participating in the decision-making process for determining the financing terms, which are not subject to pre-determined or general parameters,
- participating in the formulation of recommendations and proposals to Management and, through the Risk Management Committee, to the Bank's Board of Directors regarding changes in the composition of the Bank's portfolios, for restructuring/settling existing loans and differentiating the policy for provisions,
- monitoring the implementation of risk management policies and, also, providing adequate reports to the Risk Management Committee, at least on a monthly basis, so that the committee monitors properly and advises the BoD as to the risk exposure/profile and the future risk management strategy,
- participating as a member in the Group Executive Committee,
- participating as a member in the basic executive committees of the Bank (ALCO, Credits Approval Committee, Workouts Committee, IT Planning and Operation Quality Committee). In the Credits Approval Committee, in ALCO as well as in the Workouts Committee, the CRO preserves the right of veto in the case of his disagreement for reasons concerning the violation of the approved risk management policy of the Bank,
- monitoring the compliance with the approved risk appetite limits. Any deviations from the limits are reported timely to the Risk Management Committee.
- delivering an opinion on the amendments of the credit policy prior to their introduction for approval by the Executive Committee (or the Risk Management Committee in case that the amendment pertains to the risk appetite) and monitoring its implementation.
- supervising and coordinating the activities of other risk management service units of the Bank and its Group companies, when assigned to do so by Management,
- performing the duties of the Executive Secretary of the Risk Management Committee.

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7. OTHER OBLIGATIONS - REGULATORY ARRANGEMENTS

7.1. Investor Relations

Aware of the importance of transparency and of providing accurate information, the Bank provides comprehensive and detailed information about its individual activities to investors and to the relevant supervisory authorities under the existing institutional framework. Without undue delay, the Bank is obliged to make public new events that affect it but are not widely known, if, because of their significance for the Company's financial position or its general course, such events could materially affect the market value of its shares.

In providing information to shareholders, the Bank adheres to the principle of timely, proportionate and fair information to shareholders and investors and selects appropriate means of communication, including the Internet. The Investor Relations Service informs investors; it was established under the Business Planning and IR and is responsible for providing systematic information about the state of affairs of the Bank and Piraeus Bank Group to individuals and institutional investors. Specifically, the information to investors is effected by:

- responding daily to investors' queries about developments at the Bank;
- organising corporate presentations;
- updating the relevant section of the Bank's website with financial information, press releases, detailed financial statements and other data / information for investors.

7.2. The Shareholders' Service

The Shareholders' Service was established in accordance with the BoD's decision of the Hellenic Capital Market Commission (HCMC) 5/204/14.11.2000. It was established under the Shareholders' Register of Bank's Corporate Governance, with the intention of serving shareholders; it is responsible for providing direct and equal information to shareholders, and for helping them to exercise their rights under the law and the Bank's articles of association.

It is responsible for:

- ensuring a prompt, fair and equitable service to shareholders regarding:
 - ☐ distribution and payment of dividends, new share issues, distribution, registration, disclaimer and conversion, period for exercising the rights or changes to the initial time limits (for instance, extension of time for exercising rights);
 - ☐ information concerning ordinary or extraordinary general meetings and their resolutions; and
 - ☐ acquisition of Bank shares; their disposition; or cancellation.
- ensuring that a free printed copy of the Annual Financial Report per Article 4 of Law 3556/2007 is distributed to shareholders attending the Annual General Meeting of shareholders;
- maintaining and updating the Bank's shareholder registry in accordance with applicable law. To this end, it is responsible for communicating with the Share Register of the Hellenic Exchanges Group (HELEX).

7.3. Corporate Announcements

Any Bank announcement shall include those elements that are required for providing proper, adequate and clear information to investors, and shall not contain information that can be open to dual or ambiguous interpretation. The instituted Corporate Announcements Service is responsible for corporate announcements.

The Bank's announcements to investors are sent without undue delay to the Athens Exchange in Greek and in English in order for them to be posted on the ATHEX website and Daily Official List. Additionally, the Bank's announcements are posted, with identical wording in Greek and English, on its website for at least five (5) years. Furthermore, in cases provided for in current legislation and in particular in Law 3556/2007, the Bank's announcements shall be submitted to the Capital Market Commission (HCMC) and to the Hellenic Exchanges Group (HELEX) and shall be sent for publication, in

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Greek and English, where required, to electronic and printed media with national and European circulation, in a manner affording investors throughout the European Community rapid, indiscriminate and as prompt as possible access to the Banks' announcements.

7.4. The Corporate Announcements Service

The Corporate Announcements Service was established in accordance with the Hellenic Capital Market Commission's (HCMC) decision 5/204/14.11.2000. It was established under the Bank's Corporate Governance and is responsible for the Bank's compliance with its obligations under the provisions of Law 3340/2005 and Law 3356/2007, the Hellenic Capital Market Commission's (HCMC) decisions issued under their authorisation and the Hellenic Capital Market Commission's (HCMC) decision Number 5/204/14.11.2000 as current, as well as for the Bank's communications with the competent supervisory authorities, mass media and any other relevant body.

The Corporate Announcements Service particularly is responsible for:

- disclosing without undue delay to investors privileged information directly related to the Bank, also any significant change or development regarding previously disclosed inside information, especially regarding:
 - ☐ a significant change in the business activity of the Bank or of that of any company included in the Bank's consolidated financial statements;
 - ☐ conclusion or rescission of significant partnerships or business alliances in Greece or abroad, acquisition of patent rights and patents;
 - ☐ a tender offer in accordance with the current provisions;
 - ☐ participation in a merger, split or acquisition, also a significant acquisition or share disposal, excluding corporate transformations of wholly-owned subsidiaries;
 - ☐ changes in the composition of the Board of Directors, changes of general managers, auditors and of the chief financial officer;
 - ☐ distribution and payment of dividends, new share issues, share distribution, subscription, disclaimer and conversion;
 - ☐ a reorganization of operations or activities that is expected to have a significant effect on the Bank's financial condition and results;
 - ☐ share buyback plans;
 - ☐ voluntary bankruptcies and bankruptcy court rulings, as well as other legal disputes or litigation which could have material effect on the Bank's financial condition and results;
 - ☐ revocation of decision for granting credit to the Bank by lenders or a refusal to grant such credits;
 - ☐ insolvency of Bank debtors, which could affect the Bank's financial condition and results;
 - ☐ a change in significant elements of the Bank's most recent newsletter or of its Annual Financial Report, including changes in commitments made for allocation of funds raised;
 - ☐ a material change in the Bank's assets, equity and capital structure, particularly in its debt burden;
 - ☐ any change that affects materially the Bank's structure or consolidated financial figures of Group;
 - ☐ any significant changes in estimated or projected results the Bank has announced;
 - ☐ refutation of false or fraudulent unconfirmed information disseminated by third parties which could affect the price of the Bank's shares or of the financial instruments associated with them significantly;
 - ☐ confirming true unconfirmed information disclosed by third parties which could affect significantly the price of the Bank's shares or of the financial instruments associated with them;
 - ☐ transactions of Bank with entities mentioned in the following section 7.5.3. herein (entities that comprise the Bank's "associated parties" in the meaning of International Financial Reporting Standards 24), provided that the value of transaction exceeds 10% of the Bank assets' value, as indicated in its latest interim or annual published financial statements,

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- drafting, regular updating and submission of a list of people carrying out managerial responsibilities at the Bank and of people closely associated with the above and submitting it to the Hellenic Capital Market Commission (HCMC);
- drafting and regular updating of a list of people employed by the Bank, either on contract or otherwise; or linked to the Bank either directly or indirectly, either on a regular or an occasional basis, who have access to privileged information;
- disclosing, in accordance with the provisions of Laws 3340/2005 and 3556/2007, to investors and the Hellenic Capital Market Commission, notifications the Bank receives from persons discharging managerial responsibilities at the Bank and persons closely associated with them regarding transactions conducted on their behalf involving Bank shares or derivatives or other associated financial instruments, including the warrants issued by the European Financial Stability Facility (EFSF);
- in accordance with the provisions of Law 3556/2007, directly upon receipt, and only where appropriate, disclosing notifications the Bank receives regarding acquisition, disposition, change in or exercise of major percentages of voting rights in it; within two (2) trading days from the date of receipt of such notifications:
 - ☐ by shareholders per article 9 of Law 3556/2007;
 - ☐ by persons entitled to acquire, hold or exercise voting rights at the Bank per article 10 of Law 3556/2007, and
 - ☐ by persons who, either directly or indirectly through a third party acquire or hold financial instruments entitling them to acquire shares of the Bank under article 11 of Law 3556/2007;
- disclosing the total number of voting rights and the amount of the Bank's share capital as soon as possible after each change, in any event no later than the end of each calendar month during which a change in the number of voting rights or the level of its share capital occurred;
- disclosing as soon as possible and no later than two (2) trading days from the date of acquisition or of disposal of a notice of acquisition or disposal of Bank shares and the percentage, if the percentage of Bank shares reaches, exceeds or falls below the 5% or 10% of the total voting rights in the Bank;
- disclosing without undue delay any change in the rights attaching to different categories of shares of the Bank, including changes in the rights attaching to derivative securities issued by the Bank, which enable acquisition or disposal of its shares or other securities it issues, including the Warrants issued by EFSF; disclosing without undue delay new loan issues which entail substantial change in the Bank's property holdings and capital structure, in particular in the guarantees or collaterals accompanying them;
- communicating without undue delay, and in all cases not later than the date of the relevant General Meeting of shareholders, to the Hellenic Capital Market Commission and to the Athens Exchange a draft of the proposed amendment of the Bank's articles of association;
- advising, as soon as possible and no later than three (3) trading days, the issuer of listed financial instruments and the Hellenic Capital Market Commission regarding:
 - i) an acquisition or disposal by the Bank (directly or through a third party) of the issuer's shares with voting rights, if the percentage of voting rights it holds reaches, exceeds or falls below the limits of 5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3, as a result of such acquisition or disposal of the issuer's shares;
 - ii) the percentage of voting rights which the Bank holds to the issuer, if it reaches, exceeds or falls below the limits of 5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3, as a result of corporate events that alter the distribution of voting rights in the issuer, regardless of whether the Bank acquired or disposed of the issuer's shares;
 - iii) any change equal to or more than 3% of voting rights which the Bank holds due to acquisition or disposal of the issuer's shares with voting rights or due to a corporate event which changes the distribution of voting rights in the issuer, provided that the Bank holds more than 10% of voting rights to the issuer;

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- iv) the voting rights to the issuer, which the Bank (directly or through a third party) is entitled to acquire, dispose of or exercise when it reaches, exceeds or falls below the limits of 5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3 or it marks a change equal to or greater than 3%;
- v) an acquisition or disposal by the Bank, directly or indirectly through a third party, of financial instruments entitling it to acquire the issuer's shares bearing voting rights, if such financial instruments confer the right to acquire the issuer's shares bearing voting rights which already have been issued, where the percentage of voting rights reaches, exceeds or falls below the limits of 5%, 10%, 15%, 20%, 25%, 1/3, 50% and 2/3 or varies to a percentage equal to or greater than 3% and where that right to acquire may be exercised at the Bank's sole initiative based on a binding agreement.

7.5. Monitoring of Dealings in Transferable Securities of the Bank, or in Derivatives, or in Other Financial Instruments associated with them, and in Transferable Securities of Listed Associated Companies

The Bank monitors the transactions effected by persons it employs under a contract of employment, or who otherwise have access to privileged information, as well as by persons discharging managerial duties in the Bank and by persons closely associated with them, in transferable securities of the Bank or in derivatives or in other financial instruments connected with them and in transferable securities of associated companies in the meaning of article 42e, paragraph 5 of Codified Law 2190/1920, which are traded on a regulated stock market. Additionally, the Bank shall request information regarding other economic activities of the persons discharging managerial responsibilities in the Bank, associated with the Bank and its key customers or suppliers.

The members of the Bank management are:

- the members of Bank's Board of Directors;
- the members of the Strategic Planning Committee;
- the members of the Audit Committee;
- the members of the Remuneration Committee;
- the members of Risk Management Committee;
- the members of the Group Executive Committee;
- the senior members of management who have regular access to privileged information regarding the Bank and the authority to make managerial decisions affecting the Bank's future development and operational strategy;
- the General Managers;
- the Internal Audit Manager;
- the Chief Risk Officer;
- the Compliance Officer;
- the Head of the Shareholders' Service;
- the Head of the Corporate Announcements Service;
- the Manager of Financial Services;
- the Chief Accountant;
- the certified auditors;
- the Legal Counsel retained in paid employment by the Bank;
- the Manager of the Legal Affairs;
- the BoD's Secretary;

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- the Corporate Secretary

According to the Hellenic Capital Market Commission's decision 3/347/2005, the following persons are considered to be closely associated with the above individuals:

- the spouse of the person discharging managerial responsibilities;
- dependent children of the person discharging managerial responsibilities;
- other relatives of the person discharging managerial responsibilities, who have been domestic partners of this person for at least 1 year before the transaction is entered into on their behalf, involving Bank shares or derivatives or other financial instruments associated with them;
- any legal person, trust or personal corporation, whose managerial responsibilities are carried out by a person discharging managerial responsibilities at the Bank or by a person closely related to that person, or one who is directly or indirectly controlled by that person, or which has been established for the benefit of that person, or whose economic interests substantially are equated with those of this person;

The monitoring of transactions performed by persons discharging managerial responsibilities at the Bank and of persons closely related to them, also of persons employed by the Bank either on employment contract or otherwise, who have access to privileged information, falls within the responsibility of the BoD Secretariat (for the BoD members and persons closely related to them) and Corporate Governance (for the Management Executives and other persons responsible as well as the persons closely related to them).

The responsibility for compilation and regular update of the list containing the persons employed by the Bank and having access to privileged information according to the article 12 of the L.3340/2005, falls within the responsibility of the Bank's Corporate Governance, which ensures that it is sent to the Capital Market Commission, if requested.

7.5.1. Duty of Disclosure of Transactions as per Laws 3340/2005 and 3556/2007

The Chairman of the Board of Directors or the responsible Unit on a case by case basis, according to the present Regulation, shall inform in writing the persons discharging managerial tasks in the Bank about their obligations, which result from the enforcement of the provisions of the L. 3340/2005 and 3556/2007.

The above-mentioned persons discharging managerial responsibilities at the Bank shall provide signed statements that they are aware of their obligations and that they are bound to inform the persons closely related to them. Moreover, they shall inform the BoD's Secretariat (in the cases of BoD members) or the Corporate Governance (in the cases of the Bank's Management Executives and other persons responsible) of any change to their capacity or to the persons closely related to them. The sample of the relevant statement may be modified from time to time to keep it up to date with the applicable legal framework and the established practice.

7.5.2. Duty of Quarterly Disclosure of Transactions as per article 81 of Law 2533/1997

The Bank's BoD Members and its managers (Managing Directors, General Managers), their spouses, and relatives to the first degree (parents and children) must inform the Bank by special printed statement:

- regarding their Unique Identification Number maintained with a member of the stock exchange, through which they conduct their transactions;
- regarding their transactions in listed securities or in securities admitted for trading on a stock market, in the event that over three (3) months:
 - ☐ the value of all of their transactions (purchases + sales) exceeds eighty eight thousand and forty one (88,041) Euros, or
 - ☐ the value of purchases or sales of a given transferable security exceeds the amount of seventeen thousand six hundred and eight (17,608) Euros

within fifteen (15) days from the end of the quarter.

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The Bank maintains a record of the above disclosures for a period of three (3) years. In the event that in a quarter, all transactions exceed one hundred and seventy six thousand and eighty two (176,082) Euros, or that the value of purchases or sales of a given transferable security exceed the amount of seventeen thousand six hundred and eight (17,608) Euros, the Bank sends the relevant notices within five (5) days to the Capital Market Commission. The responsibility for the receipt of the notices, their transmission to the Capital Market Commission, as well as their maintenance in an archive is undertaken by the BoD Secretariat.

7.5.3. Duty of Quarterly Disclosure of "Associated Parties'" Transactions as per IFRS/IAS 24

In the context of implementing the International Financial Reporting Standards from 01/01/2005, under International Accounting Standard 24 "Associated Parties' Disclosures", in preparing its quarterly financial statements the Bank shall disclose the aggregated transactions that the following have carried out with the Bank or with companies of its Group:

- the BoD Members and Senior Management Executives of the Bank, the closest members of the families of the persons referred to above and their dependents. Closest members of family of an individual are those which can be expected to influence that person, or themselves be influenced by that person in their dealings with the Bank;
- companies in which the persons responsible hold a controlling stake, provided that the persons responsible and the closest members of the family / dependent members of their families hold a cumulative stake in these companies of 20% or more.

The Bank's certified auditors are provided with detailed data of the above-mentioned transactions in order to verify and audit the relevant aggregated list.

The Corporate Governance shall send the relevant form at the end of each quarter to the persons responsible; who shall return it completed within the first 10 days from the end of that quarter. The Corporate Governance shall then send the data to the Financial Services.

7.6. Public Disclosure of Transactions by Persons Discharging Managerial Responsibilities at the Bank and of Persons Closely Related to them

The following procedures are followed with regard to public disclosure to investors and the Capital Market Commission of transactions executed on behalf of persons discharging managerial duties at the Bank and of persons closely related to them, as above, involving shares of the Bank or derivatives or other financial instruments connected with them:

- Following the receipt of the relevant disclosure on the part of the person responsible as above-mentioned, the BoD Secretariat, for the BoD members (and the persons closely related to them) and Corporate Governance, for the Management Executives and other persons responsible (as well as the persons closely related to them) shall inform directly the Corporate Announcements Service about the transactions of the persons responsible to be disclosed;
- Within the next working day, the Corporate Announcements Service shall disclose them to investors and the Capital Market Commission.

Informing the investors is effected by (i) publishing the notice via electronic and print media with domestic and pan-European scope (such as Bloomberg, Reuters), in a manner enabling investors throughout the EU to have fast, non-discriminatory, and as immediate as possible access to it (also in English), (ii) sending it to the Athens Exchange (ATHEX) to be uploaded on its site and the Daily Official List (in English as well), iii) submitting it to the Hellenic Exchanges Group (HELEX), and iv) uploading the notice for at least five (5) years in the Bank's Internet site in English.

7.7. Financial Reporting

The Bank shall compile individual and consolidated financial statements under International Financial Reporting Standards. The Bank's individual and consolidated financial statements are published in Greek and English in the media and within the deadline stipulated by law and they are uploaded on the Bank's website.

The consolidated financial statements are audited by independent certified auditors, appointed during the Annual General Meeting of Shareholders, in accordance with International Accounting Standards principles. The auditors are

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required to report directly to the Bank any circumstance or event which would give grounds for an exception or raise doubts as to impartiality.

7.7.1. Regular Update Obligations

The Bank shall publish the following information through the media and within the deadlines stipulated by articles 4-6 of Law 3556/2007 and the relevant decisions of the Hellenic Capital Market Commission as well as the provisions of Chapter 4.1 of the Athens Stock Exchange Regulation:

In the first and third quarter of each financial year	Quarterly financial statements, compiled under International Accounting Standards applicable to interim financial reporting; which have been approved by the Board of Directors and include data and information as stipulated by the provisions of the Capital Market Commission's (HCMC) decision 4/507/28.4.2009.
Semi-annually	<ul style="list-style-type: none"> ■ A semi-annual Financial Report, which contains: <ul style="list-style-type: none"> □ semi-annual financial statements compiled under International Accounting Standards applicable to interim financial reporting; approved by the Board of Directors; □ the Certified Auditors' Review Report; □ the Board of Director's semi-annual report, which shall include information per article 5 paragraph 6 of Law 3556/2007, article 3 of the Hellenic Capital Market Commission's decision 1/434/3.7.2007 and of article 4 of the Hellenic Capital Market Commission's decision 7/448/11.10.2007; □ statements by the Chairman of the Board of Directors, the Managing Director and an additional Member designated by the Board of Directors, in accordance with the contents per article 5 of paragraph 2 of Law 3556/2007; □ the data and information on an individual and consolidated basis, which are drawn up in accordance with the provisions of the Hellenic Capital Market Commission's decision 4/507/28.4.2009; □ the report concerning the allocation of funds of the first semester of the financial year, to which it relates, and such funds have derived from an increase in the Bank's share capital, either by payment in cash or through bond loan.
Annually	<ul style="list-style-type: none"> ■ An annual Financial Report, which contains: <ul style="list-style-type: none"> □ annual individual and consolidated audited financial statements approved by the Board of Directors; □ the certified auditors' Audit Report; □ the Board of Directors' consolidated Management Report per article 107 paragraph 3 of Codified Law 2190/1920, which includes the information per paragraph 7 of article 4 of Law 3556/2007, and article 2 of the Hellenic Capital Market Commission's decision 7/448/11.10.2007; □ a Corporate Governance Statement, according to the article 43A, par. 3, quotation d of the cod. Law 2190/1920, as added by the par. 2 of the article 2 of the law 3873/2010, which is included as a special section in the annual management report and contains at least the information referred to in the afore-mentioned provision, □ statements by the Chairman of the Board of Directors, the Managing Director and an additional member designated by the Board of Directors, in accordance with the contents per paragraph 2 of article 4 of Law 3556/2007; □ a reference to the information per article 10 of Law 3401/2005, which the Bank has published during the financial year covered by the annual financial report; □ summary annual data and information on an individual and consolidated basis, in



	<p>accordance with the provisions of the Joint Ministerial decision provided for in article 135 paragraph 4 of Codified Law 2190/1920;</p> <ul style="list-style-type: none"> □ the annual report concerning the allocation of funds of the financial year, to which it relates, and such funds have derived from an increase in the Bank's share capital, either by payment in cash or through bond loan; and □ a reference to the website where the annual financial reports, the certified auditors' audit reports and the reports of the Bank's Board of Directors are uploaded. <ul style="list-style-type: none"> ■ A Financial Calendar in accordance with the provisions of article 4.1.4.3.1. of the Athens Stock Exchange Regulation. ■ Information for analysts regarding the Bank's annual financial results.
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7.7.2. Ad hoc Reports

In addition to the items so far listed in this chapter and in accordance with the specifics of the provisions of chapter 4.1.3. of the Athens Stock Exchange Regulation, the Bank shall send to the Athens Stock Exchange:

■ Notice that a General Meeting of its Shareholders has been convened	Not later than the publication of the invitation in the daily press
■ Advice regarding the resolutions of the General Meeting	Following the completion of the General Meeting's works and not later than the next working day
■ Advice regarding the record date for determining the beneficiaries of interim dividend / dividend payments, the coupon date and the Paying Bank	Immediately
■ Advice of significant variances in the use of funds raised compared with that in the prospectus and in the resolutions of the General Meeting or of the Board of Directors	Upon the BoD's resolution to do so (the advice is also sent to the Hellenic Capital Market Commission and the Ministry of Regional Development and Competitiveness). The General Meeting's relevant approval of the differentiation is also sent directly to the Athens Stock Exchange
■ Answers to questions posed by the Athens Stock Exchange	Within the second business day following the day of the receipt of the Athens Stock Exchange's relevant request
■ Information presented to analysts regarding the Bank's financial results	Simultaneously with the presentation of information to analysts
■ Informational note regarding the acquisition by the Bank of an unlisted company without a share capital increase, provided that the purchase price exceeds 30% of the Bank's equity capital	After completion of the acquisition
■ Informational note regarding a modification / expansion of the Bank's activities or of a spin-off of one of its divisions, if it represents at least 30% of its turnover	Following the relevant resolution of the Bank's General Meeting of Shareholders
■ The report of the Bank's Board of Directors regarding a share capital increase in cash or by merger, take-over of division or asset contribution	Concurrently with the invitation sent for the convocation of the General Meeting, which is to resolve on the matter
■ Advice regarding acquisition or transfer of the Bank's own shares	At the latest on the next working day from the date of the General Meeting or of the relevant Board of Directors' resolution



7.8. Rules governing Transactions between Associated Companies

Complying with the provisions of article 26 of Law 3728/2008, in all of the Bank's transactions with the companies, which are associated with it in the meaning of article 42e of Codified Law 2190/1920 the Bank applies the principle of maintaining an equal distance (the arm's length principle), in the sense that the terms under which the Bank trades with these companies are identical or similar, and in any event do not depart unjustifiably from the terms which would apply for the same or similar transactions with independent third-party companies.

7.9. Monitoring Transactions between Associated Companies

Transactions between the Bank and its associated companies are monitored on an ongoing basis through the Bank's IT system. The Group Participations Division assigns the particular designation of "Associated Companies" to associated companies in the Bank's IT systems and separate reports are produced for the activities of these companies. In the context of its obligation to abide by the arm's length principle for transactions between the Bank and its Group companies, the Bank shall prepare and submit the following to the competent authorities of the Ministry of Economy, Competitiveness and Shipping:

- annually, and specifically within 4 months and 15 days from the end of each fiscal year, a list containing the details of intragroup transactions executed during the year in question, with details on the subject of each deal, details of the counterparty, the type and date of execution of any deal, the value of each transaction, and intragroup deliveries of goods which are invoiced by third parties (triangular transactions),
- within thirty days from notification to the Bank of the relevant request by the Ministry of Regional Development and Competitiveness, a Basic Documentation File, containing information about the Bank and its Group and the transactions the Bank executes with its associated companies, in accordance with the specifications in the provisions of the Development Ministry's Decision A2-8092/2008.

7.10. Transactions with Persons in a Special Relationship with the Bank

The Financial Services is responsible for monitoring the Bank's transactions with persons, physical or legal entities that have a special relationship with the Bank in the meaning of the Bank of Greece Governor's Act 2606/21.2.2008. All kinds of transactions of the Bank, including credit granting and equity participations, with persons who have a special relationship with the Bank as above shall be concluded following a decision by the competent body of the Bank and shall be regulated by specific conditions and procedures established to ensure that these transactions are conducted at least in conditions equivalent to the general conditions the Bank applies to corresponding categories of transactions with third parties and in a manner consistent with the rules of sound and prudent management of the Bank. In this context, within twenty (20) days from the end of each calendar year, the persons who have a special relationship with the Bank in the meaning of the Bank of Greece Governor's Act 2606/21.2.2008 shall notify the Board of Directors of the total outstanding amount of loans they have received from businesses associated with the Bank, in the meaning of article 42e of Codified Law 2190/1920.

7.11. Disclosure of Information to Customers

The Bank has adopted and implements procedures for providing clients with clear, simple and complete information regarding the nature and the particular characteristics of each product and service on offer, and the general terms and conditions under which it deals with its customers. The Bank in particular shall ensure that its staff, who are responsible for communication with and providing information and explanations to customers is continuously trained, so that prior to concluding a transaction with the Bank, each person dealing with it may form a clear and complete picture of each service and product the Bank may be offering. Furthermore, throughout the duration of their contractual relationship, the Bank informs its customers at regular intervals and ad hoc, within a reasonable period from receipt of a request by the customer, regarding the implementation and operation of the terms agreed and the details / results of individual transactions concluded; using the means and complying with the specific provisions of the current institutional framework, in particular the provisions of the Bank of Greece Governor's Act 2501/2002 and Law 3606/2007.

Irrespective of the means for promotion and information that is used, the promotion of the products and services the Bank offers shall be conducted in accordance with the provisions of Law 2251/1994 and it should be accurate and describe the product / service being offered in clear and understandable terms; it should not include false or misleading

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statements nor should it embellish excessively nor attempt to conceal the features of the products / services on offer and should not exploit the public's lack of information, inexperience or fears.

7.12. Complaint Review and Handling

The Customer Complaints Office is responsible for dealing with and resolving clients' complaints or grievances. It was established under the relevant provisions of Bank of Greece Governor's Act 2501/31.10.2002 as a unit independent from other Bank units, which are responsible for conducting transactions. The Customer Complaints Office examines the differences arising over transactions with the Bank fairly and impartially, using transparent procedures and seeks to resolve them. To this end, it works with the units involved for the timely and effective handling of the complaint or grievance; at the same time informing and collaborating with the Judicial Affairs and the Internal Audit Divisions for the most effective resolution of the matter. Specifically, the Customer Complaints Office is responsible for:

- handling customers' complaints and grievances regarding their transactions with the Bank courteously and investigating them diligently and without bias;
- receiving and resolving complaints received through the Banking Ombudsman;
- handling the Banking Ombudsman's reports and informing the relevant units of the Bank;
- providing information and clarifications regarding services and products offered by the Bank;
- within forty-five (45) days from submission of a complaint or grievance by a person who has engaged in a transaction with the Bank, communicating the Bank's written reply to him;
- drafting and sending to the Bank of Greece an annual detailed information report on all complaints and grievances submitted.

7.13. Confidentiality – Customers' Personal Data Protection

The Bank and any person it employs are bound to maintain special banking confidentiality with respect to the existence, the balance and the movements of customers' deposits at the Bank. Moreover, every Bank employee is obliged to observe professional confidentiality with regard to any confidential information that they may acquire while conducting their duties or because of the exercise of their duties. In particular, every Bank employee must exercise extreme tact and discretion in managing information coming their way at any time while conducting their duties, and not to disclose or divulge it to third parties, to use this information solely for the purpose of fulfilling the duties the Bank has entrusted to them, and take all reasonable and practicable steps to maintain such information securely and legally in accordance with applicable laws and regulations and applicable policies and procedures of the Bank.

Furthermore, a confidentiality agreement shall precede any exceptional divulging by the Bank of confidential information to any kind of external consultants and collaborators and to any third party or entity; which shall require that the above-mentioned persons maintain the confidentiality of this information throughout the course of their business relation with the Bank.

Moreover, in order to maintain the confidentiality of privileged information until their disclosure by the Bank in accordance with current provisions, systematic checks are conducted to ensure that only authorized persons have access to information regarding assets, accounts and in general to confidential information, and a procedure has been established for informing BoD Members, any third parties to whom the Board of Directors, Management Executives and other persons with access to privileged information have assigned their duties, for their obligation to maintain the confidentiality of such information and to avoid taking actions which constitute misuse of such information according to current law. The Chairman of the Board of Directors shall address a detailed informational letter to this effect to all the above persons.

In addition, the Bank has established and implements procedures and takes appropriate individual measures to protect and safeguard its customers' personal information in accordance with the current provisions of Law 2472/1997, as amended. Specifically, the Bank always seeks to obtain each customer's prior express consent for processing his personal data which it acquires in the course of providing its services and of engaging in transactions with him, as well as for extracting it from or transmitting it to the public, supervisory and judicial authorities, its Group companies or third parties, and it informs its customers of their rights stemming from articles 11 through 13 of Law 2472/1997.

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7.14. Assurance of Continuous and Secure Operation of IT Systems

The functioning of the Bank's computer systems aims on the one hand to support effectively the Bank's business strategy and operation, on the other hand to handle, process and store the Bank's crucial business information safely. It is because of this that the Bank attaches particular emphasis on developing and periodically reviewing and updating the Group's Strategy for Information Technology, and on continuously formulating and developing a framework of principles for a safe, efficient and uninterrupted operation of its systems and its Electronic Banking systems, especially with regard to their organization, development, support and continuous monitoring. This framework includes all of the Bank's operational and administrative structures and procedures, through which the following is ensured:

- through its systems, adequate and effective accounting and IT support for the Bank's strategy, objectives and operations;
- an effective management of available resources;
- a "natural" and "reasonable" security of the operational information and data, of the systems and access to them, also of the infrastructure that supports them;
- an evaluation and timely and effective management of the risks arising from the operation of information systems, also potentially collaborating in information technology issues with third parties;
- that the Bank's staff implement faithfully the Bank's Policy for the Security of IT Systems, which has been approved by its Management;
- the impartiality and independence of the Security Unit and of the Security Manager of the Bank's IT Systems;
- recording and continuous updating of policies, standards, procedures and methodologies for designing, developing, operating and supporting the Bank's IT systems on a daily basis, also for managing and maintaining quality assurance of IT projects;
- the ability to measure the effectiveness and efficiency of systems, and
- implementing a set of effective and adequate auditing mechanisms and procedures, particularly with regard to the risks arising from developing, integrating and operating IT systems.

The Bank recognizes the need for a contingency plan to meet extraordinary problems in operation and for a plan for recovering from a potential disaster, and has established a Business Continuity Plan for its IT systems, to ensure continuity of its most critical functions. In addition, the Bank has an effective Disaster Recovery Plan, which applies in cases of catastrophic events which can cause prolonged shut-down of a crucial system, or even of the entire data centre of the Bank. Specifically, the Bank has decided to maintain equipment and software in a backup data centre which shall be used solely for the purpose of ensuring a continuous and uninterrupted operation of its systems. By using this equipment and software in the event of a shut-down, the operation of IT systems is restored within a reasonable time. Moreover, backups are kept of all essential electronic data, information and records in order to allow recovery in case of disaster. In this context, the Group Technology procedures in particular provide that:

- the Bank's central computer systems maintain backup files of all applications and systems;
- the backup files are stored in a separate building which meets all standards for fire safety and safe storage;
- branches and headquarters receive backup files that are stored in places which meet all fire safety and safe storage standards;
- backups are taken daily, before and after the day's closure. These daily copies contain the data of the IT systems and they are stored for one month;
- the monthly copies obtained include both data and software and that they are stored indefinitely;
- magnetic storage media are protected adequately against natural disasters, accidents or abuse and that they are kept both in a special place in the building of the Group Information Systems Division and in another place outside this building.

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Under the provisions of the Bank of Greece Governor's Act 2577/2006, the Bank has established the IT Planning and Operation Quality Committee, which carries out the duties of the IT Steering Committee, as stipulated by the provisions of the above Bank of Greece Governor's Act. The responsibilities of the IT Planning and Operation Quality Committee are described in detail in Annex 03, "Executive & and Management Councils and Committees" of the present Regulation.

7.15. Code of Conduct

The Bank has established a Code of Ethics and Conduct of the Piraeus Bank Group employees, based on generally accepted principles (prohibition of disclosure of confidential information, maintaining professional confidentiality, prohibition of money laundering actions, duty of loyalty, diligence, cooperation and responsibility), which the Management and all of the Bank's staff and that of its Group companies are obliged to abide by.

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8. HUMAN RESOURCES

8.1. Human Resources

The Group's human resource philosophy is motivated basically by the constant and fundamental principle that the most important source of the Group's competitive advantage is its human capital. Moreover, because it is oriented towards providing high quality services, attention is focused on the existence of appropriate infrastructure and processes for managing the human resources and training them on an on-going basis, so that each position is staffed with people possessing the suitable knowledge and skills; and on shaping a culture that promotes honest communication, teamwork, flexibility and creativity. In shaping the level of remuneration of Bank executives, particularly of those involved in marketing of Bank products and services, emphasis is given consistently to taking into account the principle of avoiding incentives for excessive risk taking or for obtaining short term benefit against the interests of the Bank, its shareholders and customers.

8.2. Recruitment of Management Executives

Management executives are recruited in accordance with the "Piraeus Bank Group Recruitment Procedure", which specifies the following:

- Definition of recruitment need;
- Approval of recruitment need;
- Recruitment - selection of candidates;
- Appraisal of candidates' skills and qualifications;
- Short listing;
- Final choice of candidate.

8.2.1. Definition of Recruitment Need

For filling General Manager positions, the head of the Group Human Resources submits a detailed recruitment requirement to the General Manager supervising Group Human Resources.

For filling senior management positions, the Managers of the respective Units advise the Group Human Resources & Organizational Learning of their recruitment need; formulating their request in an Internal Memo, approved in principle by their supervising General Manager. In this memo, they describe the specific job requirements and their reasons for the need to have the job position covered.

8.2.2. Approval of Recruitment Need

Final approval of the recruitment need and of the level at which the vacancy will be filled is given by:

- a. the Managing Director & CEO, who supervises Human Resources, regarding Top Management positions (General Managers, Deputy/Assistant General Managers);
- b. the Head of the Group Human Resources, regarding Senior Management positions (Division Managers, Regional Managers, Branch Managers).

8.2.3. Recruitment – Selection of Candidates

Regarding Top Management positions, the Group Human Resources is responsible for seeking and choosing suitable candidates, either in-house or externally, following prior approval by the Managing Director & CEO, who supervises Human Resources.

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Regarding Senior Management positions, the Group Human Resources & Organizational Learning is responsible for seeking and choosing the suitable candidate.

8.2.4. Appraisal of Candidates' Skills / Qualifications

Candidates who have been short listed on the basis of the job "profile" and on the basis of experience and education are appraised regarding their knowledge, skills, capabilities, motivations, prospects and integrity, by means of successive interviews.

The appraisal interview aims at investigating thoroughly the candidate's suitability, experience, education, motivation and skills for the specific job.

In recruiting managerial staff, emphasis also is placed on the principles of:

- provision of equal opportunities and equal treatment of candidates;
- assessment of the adequate professional training in conjunction with their expertise, in order to reconcile their desires with the needs of the enterprise;
- ability and ease of adapting to changes in the banking sector.

8.2.5. Short listing

At this stage, a list is compiled of the assessed candidates, based on the degree of their meeting the requirements of the position and on the degree of their fulfilment of all the staffing criteria.

8.2.6. Final Selection of Candidate

The final selection of a candidate from the short list is made by:

- the Managing Director & CEO, who supervises Group Human Resources, for the cases 8.2.2.a.; this selection is approved by the Group Executive Committee, and
- the Head of the Group Human Resources, for the cases 8.2.2.b

8.2.7. Job Offer

Before recruitment, the officers of the Group Human Resources & Organizational Learning discuss the terms of employment with the candidate selected; a job offer is drafted and the appropriate employment contracts are signed.

8.3. Managers Evaluation

A modern automated system is used to evaluate the Group's Management Executives. This system covers a range of criteria regarding performance and capabilities, which stem from the Bank's business operations and reflect its values. This ensures that the capabilities of the people being evaluated are assessed in a fair and objective manner, ensuring that the most capable are selected and given career precedence.

Evaluation criteria focus mainly on knowledge of financial matters, also interpersonal skills and business behaviour. The evaluation refers to the Bank's last financial year.

8.4. Remuneration Policy

With the intention of maximizing the value of Piraeus Bank, a Remuneration Policy has been developed and is being implemented in a manner that is consistent with the Bank's business strategy and culture and aims at retaining and attracting suitable employees possessing those skills and attitudes which will maximise the organisation's overall

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performance. The Remuneration Policy befits and promotes the sound and effective risk management and does not encourage excessive risk-taking on the part of the institution or the concentration of short-term benefit.

The Remuneration Policy supports a performance-creating culture that aligns the goals of the organisation with the objectives of the stakeholders (such as shareholders and employees).

The Remuneration Policy is based on the following fundamental principles:

- that salary levels are comparable with corresponding levels in the Greek banking market and also the European market, where necessary;
- the objective is to have earnings at the median range of the market. Provision is made for higher wages for specialized roles that are crucial for the Bank's development or for outstanding performance;
- the remuneration package comprises fixed and variable elements to ensure linkage between remuneration and short and long term operational effectiveness. The fixed elements of the remuneration reflect mainly the relevant professional experience and the responsibility of the position, as defined in the description of the employee's duties, which form a part of the contract terms and conditions. The variable elements reflect the long-term and risk adjusted performance, as well as the performance exceeding the required one for the fulfilment of the employee's duties, as a part of the contract terms and conditions.
- to enhance the effectiveness of incentives for employees, clear, measurable, quantitative and qualitative targets are set at the beginning of each year. Moreover, long term incentives ensure attaining long-term goals and align employees' interests with the interests of the organisation and its shareholders.

In addition, when circumstances call for it, the Group may decide not to pay variable remunerations.

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9. CORPORATE RESPONSIBILITY

The new market conditions following the globalization, but also the global financial crisis, have had repercussions on the global social structure. We believe that in order to be effective in this new reality, every business entity should assume its social role, through programs and actions aimed at supporting social harmony and development; by offering better working conditions and by pursuing initiatives that contribute to the support and cohesion of society.

The Bank recognizes and adopts its role in this regard; indeed, not only does it comply with its obligations under the law, but it engages in voluntary actions and activities beyond these requirements. These involve its employees, partners, suppliers, shareholders, customers, society and the communities in which it operates in Greece and in other countries in which it has a presence.

By designing and implementing programmes of social responsibility and with voluntary undertakings which exceed the obligations imposed by the law, the Bank makes a constant effort to raise the standards of social development, promotion of culture and preservation of cultural heritage, protection of the natural and urban environment, also respect for the fundamental rights of the Bank's employees and customers. It endorses open governance, reconciling the interests of different parties, directly and indirectly involved because of their activities, in an overall approach of quality and sustainability.

Piraeus Bank Group has incorporated social and environmental actions to its business activities, voluntarily and along with the incentive for establishing solidarity. It strives and offsets constantly the impact from its activities on the economy, society and the environment against its contribution to the economic development, the protection of the environment and social cohesion.

There are numerous benefits from implementing such programs. In particular, they relate to creating a better working environment, building a sense of commitment and increasing staff productivity, involving employees directly in matters relating to the communities in which the Bank operates, and commercial advantages over competitors. Moreover, they are associated with the increased interest of customers and investors in the Bank, which increases its business opportunities, enhances its good name, elicits a positive response by consumers to its brand, and includes it in specific financial and banking indices for evaluating companies based on their activities in Corporate Social Responsibility.

The Bank administers its environmental operational impact through the EMAS certified Environmental Management System and is a pioneer in Green Banking, by supporting and financing the investments, which aim at environmentally and socially responsible actions and creating green banking products. The Group's social work is performed mainly through the Piraeus Bank Group Cultural Foundation (PIOP), which supports the saving and promotion of the country's cultural heritage. The PIOP contributes to the Group's Corporate Responsibility, through the creation and management of a network of thematic technological museums in the Greek region.

The Bank has adopted the principles of the United Nations Global Compact and has incorporated the values of Corporate Social Responsibility into its values as a strategic investment, contributing in every way possible to upgrading the economy and society. It is integrated into the international index Dow Jones Sustainability Index of the group of Emerging Markets Dow Jones Sustainability Indices.

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10. REVISIONS

Except where expressly stated otherwise in the Regulation, the Board of Directors approves the Regulation and any revisions thereto. The Board of Directors may delegate the responsibility for modifications of the Organizational Chart (either in whole or only in certain parts) and the procedures contained in the Regulation to one or more BoD Members or to Managers of the Bank or to the Group Executive Committee.

The Regulation and the Annexes shall be revised as required, so that they will be always kept up to date, especially to reflect any changes made to the applicable legal framework, which governs the operation of credit institutions and / or the Bank's operational requirements.

The Board of Directors delegates to its Chairman the responsibility for determining by acts or decisions, procedures for further specification or application of the principles and rules stated in the present Regulation.

The Group Organisation and Operation Quality is responsible for maintaining and updating the Regulation continuously and for creating a monitoring sheet for amendments, which is incorporated in the Regulation.

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